

AMENDED

AGREEMENT BETWEEN THE BOROUGH OF HANOVER AND
HANOVER BOROUGH POLICE OFFICER'S ASSOCIATION

2013-2014-2015-2016-2017-2018-2019

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POLICE CONTRACT

2013-2014-2015-2016-2017 -2018-2019

BOROUGH OF HANOVER – YORK COUNTY

THIS AGREEMENT is made and entered into by and between The Borough of Hanover, York County, Pennsylvania (hereinafter referred to as the "Borough") and Hanover Borough Police Officer's Association (hereinafter referred to as the "Union")

WITNESSETH

WHEREAS, the Act of June 24, 1968, P.L. 237, No. 111, as amended, provided for collective and orderly bargaining between municipal employers and their employed Police Officers, and

WHEREAS, The Borough has recognized the Union as the duly designated representative of the Police Officers employed by the Borough, as hereinafter set forth, and

WHEREAS, the Borough and the Union have engaged in the collective bargaining process regarding the terms and conditions of such officers' employment, and have reached an agreement regarding such terms and conditions for the calendar years of 2013, 2014, 2015, 2016, 2017, 2018 and 2019, and

WHEREAS, the hereinafter-stated provisions are deemed by both parties to constitute said agreement;

NOW THEREFORE, in consideration of these provisions and the mutual promises of the parties hereto to faithfully perform hereby, it is agreed as follows, to wit:

ARTICLE 1 – CIVIL SERVICE: The parties recognize and acknowledge that the employer is a Borough, and, therefore, bound by the terms and provisions of the Borough Code of the Commonwealth of Pennsylvania, including in particular, but not limited to, Article XI (J) thereof relating to Civil Service for Police and Firemen. In the event any of the terms or provisions of this Agreement conflict with or are contrary to any of the terms or provisions of The Borough Code, then to the extent that the terms or provisions of this Agreement are contrary to or in conflict with the terms or provisions of The Borough Code, the terms and provisions of this agreement shall be void and unenforceable.

ARTICLE 2 – RECOGNITION: It is specifically agreed that the Union represents the majority of the employees covered by this Agreement, and The Borough hereby recognizes the Union as the sole and exclusive bargaining representative of such employees during the term of this Agreement. The Police bargaining unit shall be comprised of all full-time and regular part-time sworn Police Officers employed by The Borough, including, but not limited to Sergeants and Patrolmen; but excluding the Chief of Police, and any other management level employees who may have been heretofore or may be hereafter determined to be properly excluded from such Police bargaining unit. Furthermore, any references herein to the male gender shall also include the female gender.

ARTICLE 3 – SALARIES:

- A. **Base Salary:** The base salaries for all officers covered by this Agreement shall be according to the following schedule:

JANUARY 1, 2013 3.0%

SERGEANT:	(1 st Year)	\$72,558.39
	(2 nd Year)	\$74,767.27
	(3 rd Year)	\$76,967.47
PROB. PATROLMAN	(6 Mo.)	\$46,894.40
PATROLMAN	(1 st Year)	\$49,466.41
	(2 nd Year)	\$51,885.30
	(3 rd Year)	\$54,221.64
	(4 th Year)	\$58,019.85
	(5 th Year)	\$63,403.13
	(6 th Year)	\$67,949.03

- B. **Cost-Of-Living Adjustment:** The base salary amounts set forth above for the 2013 calendar year represent a minimum of three (3.0 %) percent increase beginning January, 2013 however by realigning the salaries some positions have a greater than three (3.0%) percent change. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2011 through September 30, 2012, shall increase by more than three (3.0%) percent during such period, the aforesaid 2013 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said three (3.0%) percent.

The 2014 wages will remain the same as the 2013 wages as agreed by the Borough of Hanover and the Hanover Borough Police Officer's Association.

JANUARY 1, 2014 0.0%

SERGEANT:	(1 st Year)	\$72,558.39
	(2 nd Year)	\$74,767.27
	(3 rd Year)	\$76,967.47
PROB. PATROLMAN	(6 Mo.)	\$46,894.40
PATROLMAN	(1 st Year)	\$49,466.41
	(2 nd Year)	\$51,885.30
	(3 rd Year)	\$54,221.64
	(4 th Year)	\$58,019.85
	(5 th Year)	\$63,403.13
	(6 th Year)	\$67,949.03

JANUARY 1, 2015 3.0 %

SERGEANT:	(1 st Year)	\$74,735.14
	(2 nd Year)	\$77,010.29
	(3 rd Year)	\$79,276.49
PROB. PATROLMAN (6 Mo.)		\$48,301.23
PATROLMAN	(1 st Year)	\$50,950.40
	(2 nd Year)	\$53,441.86
	(3 rd Year)	\$55,848.29
	(4 th Year)	\$59,760.45
	(5 th Year)	\$65,305.22
	(6 th Year)	\$69,987.50

- C. **Cost-Of-Living Adjustment:** The base salary amounts set forth for the 2015 calendar year represent a three (3.0 %) percent increase beginning 1/1/15. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2013 through September 30, 2014, shall increase by more than three (3.0%) percent during such period, the aforesaid 2015 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said three (3.0%) percent.

JANUARY 1, 2016-3.0%

SERGEANT:	(1 st Year)	\$76,977.19
	(2 nd Year)	\$79,320.60
	(3 rd Year)	\$81,654.78
PROB. PATROLMAN (6 Mo.)		\$49,750.27
PATROLMAN	(1 st Year)	\$52,478.91
	(2 nd Year)	\$55,045.12
	(3 rd Year)	\$57,523.74
	(4 th Year)	\$61,553.26
	(5 th Year)	\$67,264.38
	(6 th Year)	\$72,087.13

- D. **Cost-Of-Living Adjustment:** The base salary amounts set forth for the 2016 calendar year represent a three (3.0%) percent increase. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2014 through September 30, 2015, shall increase by more than three (3.0%) percent during such period, the aforesaid 2016 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said three (3.0%) percent.

JANUARY 1, 2017-3.0%

SERGEANT:	(1 st Year)	\$79,286.51
	(2 nd Year)	\$81,700.22
	(3 rd Year)	\$84,104.42
PROB. PATROLMAN (6 Mo.)		\$51,242.78
PATROLMAN	(1 st Year)	\$54,053.28
	(2 nd Year)	\$56,696.47
	(3 rd Year)	\$59,249.45
	(4 th Year)	\$63,399.86
	(5 th Year)	\$69,282.31
	(6 th Year)	\$74,249.74

- E. **Cost-Of-Living Adjustment:** The base salary amounts set forth for the 2017 calendar year represent a three (3.0%) percent increase. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2015 through September 30, 2016, shall increase by more than three (3.0%) percent during such period, the aforesaid 2017 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said three (3.0%) percent.

JANUARY 1, 2018-4.5%

SERGEANT:	(1 st Year)	\$82,854.40
	(2 nd Year)	\$85,376.73
	(3 rd Year)	\$87,889.12
PROB. PATROLMAN (6 Mo.)		\$53,548.71
PATROLMAN	(1 st Year)	\$56,485.68
	(2 nd Year)	\$59,247.81
	(3 rd Year)	\$61,915.68
	(4 th Year)	\$66,252.85
	(5 th Year)	\$72,400.01
	(6 th Year)	\$77,590.98

- F. **Cost-Of-Living Adjustment:** The base salary amounts set forth for the 2018 calendar year represent a four and one half (4.5%) percent increase. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2016 through September 30, 2017, shall increase by more than four and one half (4.5%) percent during such period, the aforesaid 2018 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said four and one half (4.5%) percent.

JANUARY 1, 2019-4.5%

SERGEANT:	(1 st Year)	\$86,582.85
	(2 nd Year)	\$89,218.68
	(3 rd Year)	\$91,844.13
PROB. PATROLMAN (6 Mo.)		\$55,958.40
PATROLMAN	(1 st Year)	\$59,027.54
	(2 nd Year)	\$61,913.96
	(3 rd Year)	\$64,701.89
	(4 th Year)	\$69,234.23
	(5 th Year)	\$75,658.01
	(6 th Year)	\$81,082.57

- G. **Cost-Of-Living Adjustment:** The base salary amounts set forth for the 2019 calendar year represent a four and one half (4.5%) percent increase. However, in the event that the Consumer Price Index (Index) for all Urban Communities, as published by the United States Department of Labor, for the period of October 1, 2017 through September 30, 2018, shall increase by more than four and one half (4.5%) percent during such period, the aforesaid 2019 base salaries shall be increased by one-half (1/2) of each one (1%) percent of the increase in such index in excess of said four and one half (4.5%) percent.

- H. **Advancements:** The applicable date for an adjustment of an officer's rate of compensation due to an advancement shall be governed by the following:
1. **Base Salary:** The adjustment date for all base salary advancements shall be January 1st of each calendar year, regardless of the amount of service of an officer.
 2. **Promotion:** The adjustment date for all promotional advancements shall be the anniversary of the effective date for a promotion.
 3. **Longevity:** The adjustment date for all longevity advancements shall be the officer's anniversary date of employment.
- I. **Acting Shift Commander:** An Officer appointed by the Chief of Police as Acting Shift Commander, shall be paid \$2.00 for each hour served as Acting Shift Commander at the direction of the Chief of Police.
- J. **Employees shall be paid via direct deposit.** The Borough shall provide for direct deposit of paychecks by delivering checks to a bank for disposition as directed by the Employee in that depository or via transfer to another bank. Deposit shall be made in the employee's account and shall be available for withdrawal no later than Saturday of the pay week at noon. In the event that a Holiday falls on a Friday, the Borough shall make every effort to deliver all checks to the designated bank(s) prior to 12:00 p.m. on the Thursday preceding the Holiday.

- K. **Longevity:** All officers are awarded longevity increments of the following percentages of their base salary after completion of the specified years of service:

<u>AMOUNT OF SERVICE</u>	<u>AMOUNT OF INCREMENT</u>
Six (6) Years	3%
Seven (7) Years	3.75%
Eight (8) Years	4.75%
Nine (9) Years	5.25%
Ten (10) Years	6%
Eleven (11) Years	6.25%
Twelve (12) Years	7%
Thirteen (13) Years	7.75%
Fourteen (14) Years	8.50%
Fifteen (15) Years	9.25%
Sixteen (16) Years	10%
Seventeen (17) Years	10.5%
Eighteen (18) Years	11%
Nineteen (19) Years	11.5%
Twenty (20) Years	12%

ARTICLE 4 – HOURS OF WORK: Each officer's hours of work and working

schedule shall be subject to the following terms and conditions:

- A. **Annual Schedule:** On or before December 1st of each calendar year, the Chief of Police shall prepare and post a projected annual work schedule for the entire Police Department for the following calendar year. Such schedule shall clearly state each officer's work days (on-duty), his non-work days (off-duty), his work shift for each work day, and consist of continuously cycling work weeks. It is understood and agreed that the aforesaid annual schedule is subject to change. In establishing the work schedule, the Chief of Police shall observe the following requirements:
- B. Each officer's work schedule shall be figured on a yearly basis using the following guidelines.
1. Each officer shall work at least 2,080 hours per year, and will average 40 hours per week.
 2. Each officer shall have 104 relief days.
 3. Each officer shall have at least 12 weekends off per year; 4 weekends shall be Saturday and Sunday. The remaining weekends can be any combination of Friday and Saturday; Saturday and Sunday, or Sunday and Monday.
 4. Each officer shall be scheduled to work at least two months of day work (day work is considered the 0700-1500 hours shift).
 5. (A) Each officer will rotate through each shift on a regular basis, working each shift for a twenty-eight (28) day cycle.

- C. A normal officer's work week is considered to be five, eight hour work days and two days off.
1. Exceptions to this would be, the end of a month when an officer changes his work shift and when an officer would be scheduled to work an additional day off to fall within the yearly 2,080 hours worked.
- D. A tentative work schedule for the entire Police Department for the next calendar year will be posted no later than 01 December.
1. Reasonable effort will be made to adopt the tentative schedule as the work schedule for the entire year.
 2. It is understood by each officer if operational requirements demand, an officer's work day may be changed to a different shift than is reflected by the yearly work schedule. (An example may be but not limited to an officer in school, sick, on bereavement leave, attending court, on vacation, or a floating holiday).
 3. An officer cannot be scheduled to work two consecutive eight hour work shifts unless conditions require same.
- E. Each officer shall be granted an unpaid meal period between the third and sixth hours of their work shift unless emergencies require a variance.
1. If an officer during his meal period is recalled to active duty because of an emergency, he shall be granted a reoccurring meal period at the end of the emergency.
 2. If the emergency is of sufficient duration that the reoccurring meal period cannot be granted, the officer shall be paid for the missed meal period at the existing overtime rate.

3. An officer may utilize his meal period in any manner within the Borough and shall be available for summons. Furthermore, an officer shall be allowed a paid meal period of thirty (30) minutes for each four (4) to eight (8) hours of work beyond his regular quitting time.
- F. It is understood and agreed that briefing time scheduled by the Chief of Police for a period of twenty (20) minutes before start of tour of duty together with ten (10) minutes required following tour of duty for purposes of completion of reports shall be considered hours of work and shall be part of the forty (40) hour work week.
- G. None of these guidelines shall be construed as to prevent the Chief of Police from changing an officer's work schedule for an unforeseen occurrence which would necessitate such change.
- H. **Time Off Between Shifts:** Employees shall be entitled to a minimum of twelve (12) hours off between work shifts. In the event that an employee is assigned to work a shift that commences less than twelve (12) hours after the completion of the previous shift, he or she shall be paid at the rate of time and one-half for any hours which represent the difference between the twelve (12) hours off and the actual hours off (i.e. an officer who has only ten (10) hours off between shifts, shall be compensated at time and one half of the first two (2) hours of the subsequent shift). This provision shall not apply when the time between shifts results from the normal shift progression change over, or is the result of a voluntary assignment or officer switch.

I. **Parking:** The Borough shall provide free parking for each officer assigned to work on the third shift on the Municipal Parking Lot adjacent to Police Headquarters and shall allow free permit parking for Police Officers on that portion of South Franklin Street between West Walnut and the first alley north of West Walnut during the hours of the 2:00 P.M. until 12 Midnight Shift and the day shift between the hours of 7 A.M. until 3 P.M.

J. **Schedule Amendments:** Under this contract it is agreed that the annual schedule can be amended, thus allowing for scheduling issues to be revisited with any new scheduling model that is mutually acceptable to both management and The Hanover Borough Police Officer's Association. Any new annual schedule or new scheduling model shall be reduced to writing, incorporated into this agreement, and shall supersede any part of the article it replaces.

ARTICLE 5 – OVERTIME:

A. An officer shall be paid at the rate of one and one-half times his regular hourly rate for all time worked in excess of his regular work hours. An officer's applicable hourly rate of pay shall be determined by dividing the total sum of his annual base salary, longevity, and any other payments which may be required by law to be included in such computation, if any, by the sum of 2,080 hours.

1. All hours worked in excess of the normal 8 hour work shift shall be overtime.
 2. Working on scheduled off days shall be overtime, when the work is in excess of 40 hours for that week, or 8 hours for that day.
- B. Any required appearances in any judicial or administrative proceeding, including conferences or meetings with the office of the District Attorney or similar officials, which arise from an officer's performance of duty if such appearance occurs during an officer's regular scheduled shift shall be deemed to be work time and such officer shall be compensated for the same at his applicable hourly rate.

Court time shall be computed from the time the officer leaves his residence or duty station, whichever applies, and shall continue until he shall return to his home or duty station, as the case may be, and shall include all travel time to and from such proceedings. The Borough shall reimburse an officer for all reasonable expenses associated with such court appearances.

Whenever possible, the Borough shall provide transportation for court appearances. However if an officer shall choose to utilize his personal vehicle from his home for court, he shall be reimbursed for mileage equivalent to mileage reimbursement allowed by law and paid by the Commonwealth of Pennsylvania at any given time. Any officer, who is placed on "standby" for an appearance in any judicial or administrative proceeding, as aforesaid, shall be compensated for the same at his applicable hourly rate of pay. The Borough shall also pay the cost of parking for court appearances.

Whenever an officer shall attend any such proceeding, during his off-duty

time, he shall be paid for a minimum of four (4) hours of pay at his overtime rate, or for the actual time spent, whichever is greater.

1. Whenever an officer shall attend any magistrate's hearing, trial, meeting, or other administrative proceedings emanating from his performance of duty, during his off-duty, he shall receive a minimum of 1-hour pay at his overtime rate.
- C. An officer shall be granted a per diem lunch allowance of \$7.50 for any duty related appearance which extends through the normal lunch time, and a per diem dinner allowance of \$12.50 if said duty appearance extends through the normal dinner time.
- D. Any officer called out on extra duty for emergency purposes by special order as per rules and regulations of Hanover Police Department shall be compensated for this extra duty time at the established overtime rate or a minimum of 4 ½ hours as the hours worked, whichever is greater.
- E. Officers scheduled for in-service training at such times other than their normal working shift shall be paid existing overtime rate.
- F. All witness fees issued to officers shall become the property of Hanover Borough.

Any overtime or double time compensation which is due an officer shall be paid in the first pay period following the pay period in which it was worked.

The current system for bidding on regular overtime opportunities shall be continued by the Borough, and all officers shall be given an equitable opportunity to bid on such regular overtime. However, if there is an insufficient number of officers who volunteer for such regular overtime opportunities, the Chief of Police shall assign overtime (involuntarily) on a rotating basis

in the inverse order of seniority (least senior first). The Chief of Police shall make a reasonable effort to equitably allocate such involuntary assignments among the officers over the course of a calendar year.

G. **Compensatory Time:** At the option of the employee, and upon notification to the employee at the time of submission of time sheets, an employee may elect to receive compensatory time off in lieu of premium overtime pay at the rate of one and one-half hours of compensatory time for each hour of overtime worked. This provision shall not apply to Extra-Duty overtime assignments made pursuant to Article 6 (A) of the collective bargaining agreement.

ARTICLE 6 – EXTRA DUTY: Any officer who is retained or called in, either by special order or by standing order (as per the Rules and Regulations of the Police Department), shall be compensated for this extra duty time. Since this extra duty time is above and beyond the established work week, such pay shall be at the applicable overtime rate.

A. **Special Functions Assignment:** Any officer who is assigned to any extra duty function during his otherwise off-duty time, for which function the Borough has contracted with some other person or entity to provide police services for a fee for such special function, i.e., local bonfire, athletic event, parade, etc. such officer shall be paid at two (2) times his applicable hourly rate (double time) for all such work time, and shall receive a minimum of three hours of pay at such double time rate.

B.

ARTICLE 7 – VACATION AND HOLIDAYS:

A. **Holidays:** Each officer shall be granted paid holidays according to the following schedule, terms and conditions:

1. The following days shall be recognized as holidays: New Year's Day, President's Day, Easter Sunday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, Officer's Birthday and five (5) Floating Holidays.
2. The above-mentioned holidays are intended to be guaranteed paid Holidays and the officer shall be guaranteed one (1) day of holiday pay at his regular rate for each of the holidays mentioned regardless of which day of the calendar week the holidays fall. Floating holidays are intended to be taken at the discretion of the officer, subject, however, to the approval of the Chief of Police. For the purpose of this section, an officer, hired after effective day of this agreement must be employed no less than ninety (90) calendar days before being entitled to the five (5) floating holidays as mentioned above.
3. If a holiday is observed while an officer is on sick leave, annual leave, single or combination of vacation days or floating holidays he will receive his holiday pay and the day will be charged against his sick, annual, or other paid leave credits to obtain, in effect, a maximum of double pay for the day taken.
4. If an officer works on any of the holidays set forth in Section 1, above, he shall be compensated at his regular rate of pay for his regularly scheduled hours worked on said holiday. In addition, he shall receive his regular holiday pay.
5. Any office personnel who work daily in the administrative office, without daily street patrol duties, covered under this contract shall be given the following options in regards to paid holidays:

- (a) The officer may undertake assigned work the day and receive holiday pay.
- (b) The officer may, with administrative approval, use a vacation day or floating holiday for the day and receive holiday pay.
- (c) The officer may, with administrative approval, take the day off in lieu of holiday pay.

B. **Vacations:** Each officer shall be granted paid vacation according to the following schedule, terms and conditions:

a. An officer shall be eligible for annual leave (vacation) after one (1) year of service with the Borough. All officers shall earn leave credits as of their date of hire. Leave shall be earned according to the following schedule:

ANNUAL LEAVE ENTITLEMENT

<u>AMOUNT OF SERVICE</u>	<u>PER YEAR</u>	<u>PER MONTH</u>
0 through 12 months	5 days	5/12 day
12 months through 84 months	10 days	5/6 day
84 months through 144 months	15 days	1 ¼ days
144 months and over	22 days	1 5/6 days

- b. Vacation pay shall be the officer's regular straight time rate of pay in effect for the officer's regular job on the payday immediately preceding the officer's vacation period.
- c. If vacation days earned in any calendar year by an officer plus floating holidays granted in any calendar year are insufficient in numbers to allow an officer to take two (2) weeks vacation, the officer, at his discretion,

may waive stated holiday pay for any of the named holidays in an amount sufficient to allow the officer a full two (2) weeks of vacation.

- d. The Borough shall continue the current bidding practice for the scheduling of vacations according to seniority (most senior first). However, the officers who are on simultaneous vacation shall not be from the same work shift, except upon the approval of the Chief of Police. Furthermore, each officer shall be permitted to bid an initial vacation of two (2) consecutive calendar weeks.
- e. Each officer shall be entitled to accumulate unused vacation leave to a maximum of sixty (60) days, and may carry that amount over from year-to-year thereafter.
- f. Each officer upon separation from the Police Department, resulting from retirement, voluntary termination (under honorable conditions) or death shall be paid for the full value of his accumulated vacation leave, up to a maximum of sixty (60) days.

ARTICLE 8 – INSURANCE:

MEDICAL, SURGICAL AND HOSPITALIZATION: The employer shall provide Medical, Surgical, Hospitalization, Prescription, Dental, and Vision at no cost to the employee and their dependents provided that if a spouse or dependent is or becomes eligible for the same coverage at his or her employment, at no increased costs to the spouse or dependent, such spouse or dependent will not be eligible for coverage as a spouse or dependent of an employee under the Borough's contract. However should the spouse or dependant lose said eligibility for the same coverage at no cost then they shall

immediately become eligible for coverage as a dependent of an employee covered under the Borough's contract.

Coverage shall be as set forth in Attachment "A".

Effective January 1, 2013, the following doctor visit co-pays will be required.

Primary Care Physician Co-payment	\$25.00 per visit
Specialist Physician Co-payment	\$35.00 per visit

Because the oral surgery component of the Dental Plan is identical to that in the Medical Plan, the oral surgery component of the Dental Plan shall be removed from the Plan Document, and the oral surgery component of the Medical Plan shall prevail.

B. **Prescription Insurance**: The Borough shall continue to provide full prescription coverage to each officer and his eligible dependents at minimal cost to such officer. Coverage shall be as set forth in Attachment "E".

Effective January 1, 2006, a mandatory generic feature shall be added to the existing prescription benefit. Prescription co-pays shall be set as follows:

	<u>RETAIL</u>			
	2013	2014/2015/2016/2017	2018	2019
Generic -	\$12.00	\$15.00	\$17.00	\$18.00
Brand preferred -	\$20.00	\$25.00	\$27.00	\$28.00
Brand Non-preferred -	\$45.00	\$50.00	\$52.00	\$53.00

MAIL ORDER

	2013	2014/2015/2016/2017	2018/2019
Generic -	\$20.00	\$25.00	\$30.00
Brand preferred -	\$40.00	\$45.00	\$50.00
Brand Non-preferred -	\$60.00	\$60.00	\$65.00

C. **Vision Care Insurance:** The Borough shall continue to provide vision care insurance, for each officer and his immediate dependents at no cost to such officer. A summary of the benefit provisions of such insurance is set forth in Schedule "B", which is attached hereto and made a part hereof.

D. **Dental Care Insurance:** The Borough shall continue to provide prepaid dental care insurance, for each officer and his immediate dependents at no cost to such officer. Such dental care plan shall consist of a basic plan (100% UCR) plus an orthodontics rider (50% UCR).

A summary of the benefit provisions of such insurance is set forth in Schedule "C", which is attached hereto and made part hereof. Periodontics (50% UCR) riders shall be provided to such plan, at no cost to such officers.

A summary of the benefit provisions of such insurance is set forth in Schedule "C", which is attached hereto and made part hereof.

E. **Life Insurance:** The Borough shall cover each officer, at no cost to the officer, in the face amount of no less than fifty thousand dollars (\$50,000.00) which provides for double indemnity in case of accidental death.

F. **Optional Life Insurance:** Each officer, at his option, may carry additional life insurance in increments of two thousand five hundred dollars

(\$2,500.00) up to a maximum of seven thousand five hundred dollars (\$7,500.00) at the officer's sole expense at the group life insurance rate in effect under Group Life Insurance Policy of Borough. This optional insurance may be carried by an officer hired prior to 12/31/93 when retired and continued into retirement at the then current Group Life Insurance rate at the sole expense of the retired officer. This option must be exercised no more than ninety (90) days following hiring date.

ARTICLE 9 – SICK LEAVE & BEREAVEMENT LEAVE:

- A. **Sick Leave**: Each officer shall earn and utilize sick leave according to the following schedule and conditions:
1. **Accrual**: Sick leave shall be earned from an officer's date of hire, and officers with less than ten (10) years of service shall earn sick leave at the rate of twelve (12) days per year (1 day per month). Officers with ten (10) years or more years of service shall earn sick leave at the rate of eighteen (18) days per year (1.5 days per month)
 2. **Accumulation**: Each officer may accumulate unused sick leave with no limit.
 3. **Utilization**: An officer may utilize sick leave for his own personal illness or injury, or for his own emergency illness or injury, or as in the case of an emergency illness or injury in his immediate family which absolutely requires him to be with such family member (maximum of 3 days), or in the case of the birth of a child (maximum of 3 days), or in the case of legal quarantine.
 4. **Physician's Certificate**: In the event that an officer shall utilize three (3) or more consecutive sick days, he shall, upon the request of the Chief of

Police, submit a physician's certificate for such sick leave usage. The physician's certificate shall be furnished at the officer's expense.

However, in the event that the Borough shall have reasonable grounds to believe that an officer is abusing sick leave, the Chief of Police may direct such officer to provide the Borough with a physician's certificate for sick leave usage of less than three (3) days; provided, however, that the Borough shall be responsible to pay for the cost of obtaining such certificate.

5. **Line-Of-Duty Injury**: Any officer who is disabled as the result of any injury sustained in the line of duty shall continue to receive his full pay and benefits for the duration of his disability, and his sick leave shall not be charged on an account of such occurrence. Furthermore, if such disabled officer shall have sufficiently recovered from such injuries so that he may perform line police duties, he shall be afforded an opportunity for such line duty assignment. The determination of an officer's attending physician and the Chief of Police, and such physician and the Chief of Police shall jointly prescribe the scope and extent to such line duties.
6. **Off Duty Disability**: Any officer who is disabled as a result of an injury sustained when off duty may utilize sick leave and vacation days to cover his or her recuperation. Hanover Borough recognizes its obligations to employees under the Commonwealth of Pennsylvania Heart and Lung Act affecting police officers and the Federal mandates of the Americans With Disabilities Act. The Borough will make its best effort to find light duty work in the Police Department or appropriate work in other departments for which the officer is qualified in order to avoid days without pay during recuperation or to avoid layoff if injuries prohibit a return to police work.

However, the Borough cannot guarantee, in all cases that alternate assignment will be possible.

It is understood and agreed that the Borough of Hanover will continue to provide at total expense to the Borough a weekly disability benefit provision wherein the Borough agrees to a minimum weekly benefit of \$150.00 for a maximum period of twenty-six (26) weeks, said benefit to provide immediate coverage in case disability is the result of an accident or to begin one (1) week following the start of disability in case of sickness. It is further understood and agreed that the employee can supplement this weekly disability if he or she so chooses by charging sufficient hours of sick leave allowing him or her to draw his or her regular weekly salary in full. Sick leave so charged shall only be of an amount sufficient to cover the difference in pay between the employee's regular weeks pay and the \$150.00 disability benefit herein provided.

7. **Termination Value**: Upon separation from the Police Department, resulting from retirement, furlough, or death, an officer shall be paid for the full value of his accumulated sick leave, up to a maximum of seventy-five (75) days.

B. Bereavement Leave: Each officer shall be granted paid bereavement leave in accordance with the following schedule and conditions:

1. **Immediate Family**: From the day of death up to and including day following the funeral, not to exceed five (5) days, for an officer's mother, father, spouse, child, sister or brother.

2. **Next of Kin:** The day of death and the day of the funeral for an officer's father-in-law, mother-in-law, or grandchild.
3. **Other Relatives:** The day of the funeral for an officer's brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandchild-in-law, grandparent, grandparent-in-law, aunts, uncles, and cousins.

Additional Leave: At the discretion and upon approval of the Chief of Police, additional time off may be granted provided same is charged to accrued vacation or accrued sick leave benefits as per the officer's request, at no cost to the Borough. In all other cases of the death of any other person standing in the place of a parent, leave may be granted by the Chief of Police. However, such leave shall be without cost to the Borough.

ARTICLE 10 – CLOTHING: The borough shall provide each officer with a sufficient number of required uniforms and equipment, as set forth in the listing attached hereto, marked as Schedule "D", and made a part hereof. Furthermore, the Borough shall continue to provide uniform cleaning service for all officers, without expense to the officer, under a system whereby the officer shall deliver to the Borough or to the Borough's designee, his uniforms for that purpose. For purposes of this paragraph, uniforms shall be defined as to include plainclothes as same are worn on a day to day basis by the person or individual filling the position for Detective Sergeant in the Police Department.

No later than July 31, 2005, the Department shall have purchased a sufficient number of rechargeable flashlights to ensure that each member of the department is individually assigned to a rechargeable flashlight and there are

no less than three (3) working spares. Thereafter, the Borough shall continue to maintain no less than three (3) working spares, after each member has been individually issued a rechargeable flashlight for the duration of this contract.

ARTICLE 11 – INTERFERENCE WITH BOROUGH OPERATIONS: The Union agrees there shall be no strikes, work stoppages, slow-downs or any actual interference with Borough operations by any of its members.

ARTICLE 12 – MANAGEMENT & UNION RIGHTS AND

RESPONSIBILITIES: The parties recognize the following areas of separate function and responsibility:

A. **Management Authority:** The Union recognizes that an area of responsibility must be reserved to the Borough and its officials and department heads, if the Borough government is to function effectively. In recognition of this principle, and unless otherwise specifically provided in this agreement, it is agreed that the following responsibilities of management are not subject to collective bargaining:

1. The determination of the governmental services to be rendered to the citizens of the Borough shall be the sole responsibility of the Borough.
2. The determination of the Borough's financial, budgetary, accounting and organization policies and procedures.
3. The continuous overseeing of personnel policies, procedures and programs.
4. The determination of the duties to be included in job classification; the sole right to make personnel appointments through valid selection techniques; the determination of the number of officers to be

employed or retained in employment; the necessity for shift operation and rotation of the work week; for overtime and the amount of overtime required; for the maintenance of discipline and for performance evaluation.

5. The Union recognizes the prerogatives of the Borough to operate and manage its affairs in all respects in accordance with its responsibilities and power of authority.
6. The Borough has the right to schedule overtime work as required in a manner most advantageous to the Borough and consistent with requirements of municipal employment and the public safety.
7. It is understood by the parties that every incidental duty connected with operations enumerated in job descriptions is not always specifically described.
8. The Borough reserves the right to discipline and discharge for just cause, as now or hereafter provided under the Civil Service provisions of The Borough Code. The Borough reserves the right to lay off personnel for lack of work or funds; or for the occurrence of conditions beyond the control of the Borough; or when such continuation of work would be wasteful and unproductive. The Borough shall have the right to determine reasonable schedules of work and to establish the methods and processes by which such work is performed, subject nevertheless, to the terms of this agreement.
9. No policies or procedures covered in this agreement shall be construed as delegating to others or as reducing or abridging any of the following authority conferred on Borough officials:

- (A). The legal responsibility of the Mayor as Chief Executive Officer of the Borough for enforcing the laws of the State and the Borough and passing upon ordinances adopted by the Council.
- (B). The responsibility of the Council for the enactment of ordinances and the appropriation of monies to fulfill the terms of this agreement.
- (C). The responsibility of the Borough for determining classification and status of officers, establishing rules and initiating promotions and disciplinary actions, and certifying payrolls, subject to the applicable provisions of the Borough Code.
- (D). The responsibility of department heads governed by law, ordinances and departmental rules and as limited by the provisions of this agreement;
 - (1). To recruit, assign, transfer or promote officers to positions within the department;
 - (2). To suspend, demote, discharge or take other disciplinary action against an officer for just cause;
 - (3). To relieve an officer from duties because of lack of work, lack of funds, or for disciplinary reasons;
 - (4). To determine the methods, means, and personnel necessary for departmental operations;
 - (5). To control the department budget; and
 - (6). To take whatever actions are necessary in emergencies in order to assure the proper functioning of the department.

- B. **Equal Opportunity**: It is agreed by the Borough and the Union that the Borough is obligated, legally and morally, to provide equality of opportunity, consideration, and treatment of all officers in all phases of the employment process.
- C. **Unfair Practices**: No Borough official or management personnel of the Borough shall:
1. Interfere with, restrain, or coerce an officer in the exercise of his right to join or refrain from joining a labor organization, except where permitted by law to avoid a conflict of interest;
 2. Initiate, create, dominate, contribute to, or interfere with the information or administration of any officer organization meeting the requirement of law;
 3. Discriminate in regard to employment or conditions of employment in order to encourage or discourage membership in a labor organization;
 4. Discriminate against an officer because he has given testimony or taken part in any grievance procedures or other hearings, negotiations, or conferences as part of the labor organization recognized under the terms of this agreement;
 5. Refuse to meet, negotiate, or confer on proper matters with representatives of the Union as set forth in this agreement.
- D. **Subcontracting**: Subject to the Civil Service provisions of The Borough Code, and the union's collective bargaining rights under this agreement and the applicable laws of this Commonwealth, the Borough shall have the right

to sub-contract or discontinue any Borough operation of work as such action is required to be done in the public interests.

- E. **Auxiliary Police**: The Borough shall retain its right, subject to the Union's collective bargaining rights under this Agreement and the applicable laws of this Commonwealth, to utilize the services of auxiliary police officers, as may be permitted by the Borough Code or other applicable laws.

ARTICLE 13 – CONFORMITY TO LAW: This Agreement shall be subordinate to all present and future Federal and State laws applying to the Borough, and in case of conflict between any part of this agreement and any such laws, the laws shall govern.

ARTICLE 14 – POLICE PENSION: It is specifically understood and agreed by and between the parties that the Borough shall maintain the Police Pension Plan (Plan) which is in effect upon the date of the signing of this agreement, or which was required by any previous agreement or award, and shall immediately move to amend such plan to provide the following benefit improvements:

- A. **Officer Contributions**: Members of the Police Pension Plan shall contribute an amount up to three (3%) of their compensation to the Police Pension Plan during the length of this contract. Whether member contributions shall be necessary for all years of this contract shall be subject to results contained within and upon receipt of the Annual Evaluation Report from the Borough's Actuary. Council shall make every attempt to minimize member contributions.

It is agreed by both parties, during the term of this contract, if State Law Act 600 governing police pensions should be amended to provide for

pension portability or to amend pension payment levels, contract negotiations may be reopened by either party to discuss pension issues raised by the amendments.

- B. **Pension Benefit Modifications.** The Borough shall amend the Police Pension Plan (Plan) to provide the following:

The Borough hereby agrees to make payroll deductions for 457 Pension Plans established by the individual employee.

- C. **Survivor Benefit:** If a retired or disabled participant who is receiving a pension benefit dies or if a participant dies after satisfying the requirements for retirement whether or not he had previously terminated employment, the participant's surviving spouse or eligible child (if any and as further described in Section 4.1(c)) of the Code of the Borough of Hanover shall receive a benefit equal to 50% of the retirement benefit that the participant was receiving or would have been receiving if the participant had been retired on the date of death.

- D. **Death Of An Officer Prior to Vesting:** In accordance with Act 30, the surviving spouse or, if the spouse is deceased, any child or children under the age of 18, or age 23 if attending college, of a police officer who died on or after April 17, 2002 but prior to vesting his/her pension, shall be entitled to 100% of the police officer's contributions together with any interest thereon and any increases in value of the police officer's investment in the pension fund, unless the police officer has designated another beneficiary. The benefit shall continue until the death of the surviving spouse or until the child or children of the police officer reach the age of 18 or age 23, if attending college. For the purposes of this benefit, "attending college"

shall be defined as being enrolled in an accredit institution of higher learning and carrying a minimum course load of seven credit hours per semester.

- E. **Service Related Disability Benefit:** In accordance with Act 30, a police officer who suffers a permanent service-related disability on or after April 17, 2003 shall receive a monthly service-related disability benefit of 50% of the police officer's final average salary over the last 36 months of employment prior to the date of disability. Any police officer who receives benefits for the same injuries under the Social Security Act, 42 U.S.C. §§ 301, et. seq. shall have his benefits offset or reduced by the amount of such benefits.
- F. **Killed-In-Service Benefit:** Effective October 9, 2009, the Commonwealth of Pennsylvania assumed responsibility for benefits for an officer killed in service. As a result, with respect to deaths occurring on or after October 9, 2009, the killed in service death benefit shall no longer be payable under this plan or by the employer. A deceased participant's surviving spouse or eligible child who is eligible to receive such benefits due to the qualifying death of the participant on or after April 17, 2002 and prior to October 9, 2009 shall continue to receive and benefit as formerly awarded.
- G. **Service Increments:** The service increment as allowed under Act 600 shall be increased to a maximum of \$300.00 per month for the term of this contract (2013 thru 2017), amended to include contract years 2018 and 2019.
- H. **Nonintervening Military Service:** An active member shall be allowed to purchase up to five (5) years of qualifying, nonintervening military service

to be used for purposes of determining the member's entitlement to benefits under the police pension plan. The formula for the purchase of such service shall be in accordance with Act 600.

I. Retirement Medical Benefits: The Borough shall provide the basic medical and hospitalization benefits as provided at any point in time to active Officers, to Officers retiring on either disability pursuant to Act 600 or normal age and service retirement pursuant to Act 600. Said medical benefits shall extend for a period of five (5) years from the date of the Officer's retirement and shall only be provided if the Officer certifies, in writing, on or before the anniversary date of his or her retirement that he or she is not eligible for coverage under any other employer-sponsored healthcare plan, including a plan sponsored by the employer of his or her spouse. Further, in cases where the retired Officer is eligible for coverage and his/her spouse is not eligible for coverage under any other employer-sponsored healthcare plan, the Borough, for the same five (5) year period, will pay fifty percent (50%) of the cost of coverage for the retired Officer's spouse. The Borough will adopt reasonable procedures for the Officer's payment of the fifty percent (50%) portion required to maintain spousal coverage. For spousal coverage, the Officer must be legally married to his or her spouse at the time of retirement. An Officer must choose and be eligible for the benefit at the time of his or her retirement. During the term of this agreement, the Borough's cost for either the Officer's and/or spouse's coverage will not exceed a total of \$600.00 per month. Upon expiration of this coverage, the Officer shall be permitted to maintain health insurance coverage as a member of the Borough Group Plan to age

sixty-five (65) for any insured. The employee shall then be required to pay all premiums for coverage for themselves and any eligible dependents. If the retired Officer elects not to receive the above retirement health coverage he will be eligible to receive a payment of \$1,500.00 on the 1st, 2nd, 3rd, 4th, and 5th anniversaries of their retirement if the officer was not insured at any time during the year ending on the anniversary date. However if at any time during the five (5) year period following retirement an officer is no longer eligible or loses his health insurance coverage, with ninety (90) days advance notice and with the understanding that if they do obtain coverage they shall not be eligible for the \$1,500.00 payment for that year the Borough will allow said officer to obtain coverage through the Borough's insurance plan. Coverage shall be limited to the terms allowed under the arbitration award dated April 19, 2003.

ARTICLE 15 – GRIEVANCES: Whenever an officer or the Union desires to contest or otherwise challenge the interpretation and/or implementation of any provision of this agreement or any disciplinary action, he/it shall proceed as follows:

A. **Grievance Processing:** All grievances shall be processed as follows:

Step 1: The officer, either alone or accompanied by a representative, or the Union by a representative, shall present the grievance, in writing, to the Chief of Police, within thirty (30) days of its occurrence, or knowledge of its occurrence, whichever is later. The Chief shall report his decision, in writing, to the Grievant, within thirty (30) days of its receipt.

Step 2: In the event that the grievance is not settled at Step 1, an appeal must be presented by the Grievant, or his/its representative, to the Mayor, within fifteen (15) days after receipt of the response at Step 1 was due. The Mayor together with such other persons as he deems desirable from the Borough or so designated by the Borough, shall meet and discuss the grievance with the Grievant and/or his/its representative, together with the person(s) against whom the grievance is directed, and his/their representative(s). The Mayor shall respond to the Grievant in writing, within fifteen (15) days after the receipt of the appeal.

Step 3: In the event that the grievance is not settled at Step 2, an appeal must be presented to the Public Safety Committee of Council within fifteen (15) days after receipt of the response at Step 2 was due. The Committee, or its representative, shall meet and discuss the grievance with the Grievant and his/her representative together with the person(s) against whom the grievance is directed and that person's representative. The Public Safety Committee Chairperson shall respond to the grievant, in writing, within fifteen (15) days following the close of the meeting with the Grievant.

Step 4: In the event that the grievance is not settled at Step 3, the Grievant, or his/its representative, shall serve the Borough with a written notice declaring an intention to proceed to final and binding arbitration of the dispute. Such notice must be served within thirty (30) days after response at Step 3 was due.

B. **Arbitration Procedures**: The Grievant, either personally, or through his/its representative, shall have the absolute right to proceed to a final resolution of the dispute through binding arbitration, once the Step 4 notice has been served.

1. The arbitrators for Step 4 shall be selected by the parties, utilizing the same process by which arbitrators for an Act 111 arbitration is selected, and shall constitute a Board of Arbitration.
2. The Board so selected shall neither add to, subtract from, nor modify the provisions of this agreement, or any other prior contract or awards. The Board shall confine itself to the precise issue(s) submitted to it for decision, and shall have no authority to determine any issue(s) not so submitted.
3. The decision of the Board shall be final and binding on both parties, and shall not be appealable into any court. The Board shall be requested to issue their decision within thirty (30) days after the hearing, or the receipt of the transcript of the hearing. The Board may order the proceedings to be recorded by a court reporter, and any party may request a copy of the notes of testimony at his/its expense. All time limits contained herein may be extended by the mutual consent of the parties. Any reference to "days" throughout this grievance provision shall be construed to mean working days.

4. Each party shall bear his/its own expenses and costs, and the fees and expenses of the Board shall be paid in the same manner as Act 111 proceedings.
5. An aggrieved officer and his representatives, if an officer, shall be granted reasonable time during working hours, if necessary, to process the grievance in accordance with the provisions hereof, without loss of pay or benefits.

ARTICLE 16 – SCOPE & TERM OF THE AGREEMENT:

- A. **Scope:** This Agreement shall constitute the contract of employment between the Borough and the Union. However, any management or employee benefits which were heretofore enjoyed by either party, and which are not inconsistent with the provision of this Agreement, shall remain in full force and effect. Furthermore, except as may otherwise be provided herein, all present police benefits granted by ordinance or resolution of The Borough, or required by the terms of any applicable prior agreement or award, shall remain in full force and effect.
- B. **Term:** This contract shall be for a period of seven (7) years, commencing on January 1, 2013 and ending on December 31, 2019, except as hereinafter provided. Unless otherwise specifically stated herein, all benefits established herein shall be effective as of January 1, 2013,

notwithstanding the date upon which this agreement shall be executed.

This contract shall continue from year to year thereafter, unless modified by the parties through collective bargaining for each successive calendar year pursuant to the provisions of Act 111.

C. This contract has been amended to include the following:

1) Contract term has been amended to include (2) two additional years 2018 and 2019. This contract will now end on December 31, 2019.

2) Wages for the calendar year 2014 will remain the same as wages paid for 2013. Wages for the calendar year 2018 and 2019 will be set at 4.5 % per year.

3) The Retail and Mail Service Prescription Insurance copays will for contract years 2018 and 2019 will be set as follows:

	2018	2019
Retail: Generic	\$17.00	\$18.00
Brand Preferred	\$27.00	\$28.00
Brand Non Preferred	\$52.00	\$53.00
Mail Order: Generic	\$30.00	\$30.00
Brand Preferred	\$50.00	\$50.00
Brand Non Preferred	\$65.00	\$65.00

In witness whereof, the Borough has caused this amended agreement to be executed by the President of Council and attested by its Secretary, after legal approval of the same by the Borough Council, and whereas, the Union has caused these presents to be executed by its President and attested by its Secretary after ratification by its membership at a regularly scheduled meeting at which a quorum was present, the parties, by and through their respective officials and representatives, have hereunto set their hands and seals, this 6th day of January, 2014 and intend to be legally bound hereby.

WITNESS:

FOR THE BOROUGH OF HANOVER:

ATTEST:

John H. Gorman

PRESIDENT, BOROUGH COUNCIL

D. / [Signature] / M

HANOVER BOROUGH SECRETARY

FOR HANOVER BOROUGH POLICE

OFFICERS' ASSOCIATION:

ATTEST:

Marc M. Fureman

PRESIDENT, HANOVER BOROUGH

POLICE OFFICERS ASSOCIATION

Kelly Z. [Signature]

ASSOCIATION SECRETARY

SCHEDULE A – INSURANCE SUMMARY

BENEFIT	NETWORK PROVIDERS	Amounts you are Responsible for: NON-NETWORK PROVIDERS
Deductible per Calendar Year	None	\$400 single \$800 family
Out of Pocket Maximum *When the out of pocket maximum is reached, the Plan pays \$100% until the end of the calendar year	Not applicable	\$380 single \$760 family
Preventive Care *Routine physical exams and well baby care Selective screenings such as: UA, PSA, CBC *Childhood immunizations, annual (40+) mammogram/annual gynecological exam and Pap test	\$25.00 co-pay per office visit \$35.00 co-pay per office visit \$35.00 co-pay per office visit	Deductible applies to all services unless otherwise noted: 20% 20% deductible waived 20% deductible waived
***Physician Services Office visits *Maternity and newborn care *Lab tests, x-rays, hospital medical visits, surgery and anesthesia	\$25.00 co-pay per office visit Covered in full Covered in full	20% 20% 20%
Other Provider Services *Outpatient physical therapy & manipulation therapy *Occupational & speech therapy (12 sessions each type per calendar year) *Home health care *Hospice (\$12,500 lifetime maximum)	\$35.00 co-pay per office visit \$35.00 co-pay per office visit Covered in full Covered in full	20% 20% 20% 20%
Outpatient Hospital Services *Professional fees & facility services, including lab and X-rays, pre-admission tests, radiation therapy, chemotherapy, kidney dialysis, surgery and anesthesia	Covered in full	20% professional fees 50% facility fees
Inpatient Hospital Services (Precertification required) *Professional fees & facility services, including room and board, treatment rooms and equipment	Covered in full	20% professional fees 50% facility fees
Emergency Care *Emergency treatment for accident or medical emergency *Ambulance Services	\$35 co-pay, waived if admitted, deductible waived Covered in full	\$35 copay, waived if admitted, Deductible waived Co-insurance and deductible waived

SCHEDULE A – INSURANCE SUMMARY**Amounts you are Responsible for:**

BENEFIT	NETWORK PROVIDERS	NON-NETWORK PROVIDERS
Durable Medical Supplies & Equipment *Rental or purchase of home medical equipment, supplies, prosthetics and orthotics	Covered in full	20%
Mental Health Care *Inpatient care including individual & group psychotherapy, psychological testing, family counseling and convulsive therapy (30 days per calendar year) *Psychiatric partial hospitalization (2 partial days can be exchanged for 1 inpatient day) *Outpatient psychiatric services (60 visits per calendar year)	Covered in full \$35.00 co-pay per office visit \$35.00 co-pay per office visit	20% Not covered 50%
Substance Abuse Care *Inpatient care (30 days per year; 90 days per lifetime. Up to 30 outpatient or partial hospitalization days can be exchanged on a 2 for 1 basis for an additional 15 inpatient days) *Outpatient care (30 visits per year; 120 visits per lifetime)	Covered in full Covered in full	Not covered Not covered
Lifetime Maximum Benefit	Unlimited	Unlimited

PROBATIONARY PERIOD:

Life Insurance

Three Months

Hospitalization Insurance

Three Months

In order to obtain coverage, it is necessary to fill in the enrollment form promptly.

After your coverage becomes effective, it is necessary to notify your employer of any change in the number of your dependents.

If you wish to include a new dependent, you must make a separate request to your employer and meet any other requirements for this coverage.

PEDIATRIC CARE**Unless otherwise noted, one service is eligible during each age range.**

Category	Benefit
Newborn Testing PKU, sickle cell, Hemoglobinopathies, Hypothyroidism	One screening, between 0-2 months
Lead screening	1 year
Well Baby Visits	As a newborn 3 years 2-4 weeks 4 years
Well Child Visits	1 months 5 years
Exams include: newborn	2 months 6 years
Screening, head circumference,	3 months 7 years
Height, weight, blood pressure,	4 months 8 years
Sensory screening for vision	6 months 9 years
and hearing, subject to	9 months 10 years
applicable Copayments and	12 months 11-18 years, annually
Deductibles	15 months 18 months 24 months
Polio (OPV/IPV) Vaccination	2 months 4 months 6-18 months 4-6 years
Diphtheria-Tetanus-Pertussis (DTaP) Vaccination	2 months 4 months 6 months 15-18 months 4-6 years
Tetanus-Diphtheria (Td) Vaccination	11-16 years
Measles-Mumps-Rubella (MMR) Vaccination	12-15 months Either 4-6 years or 11-12 years.
Haemophilus influenzae type b (Hib) Vaccination	2 months 4 months 6 months 12-15 months
Hepatitis B Vaccination	1-4 months (two treatments) 6-18 months
Chickenpox (VZV) Vaccination	After age 12 months
Hepatitis A Vaccination	2-12 years
Pneumococcal disease (Prenvar™) Vaccination	2 months 4 months 6 months 12-15 months.
Urinalysis	Birth – 6 years 11-17 years
Hemoglobin/Hematocrit (bold tests, including initial Screen for lead levels)	Birth-12 months 1-4 years 5-12 years 14-17 years
Rubella Titer Test	11-17 years
Tuberculosis Test (Tine and Mantoux)	4-7 years 13-15 years

ADULT CARE

Unless otherwise noted, one service is eligible during each age range.

Category	Benefit
Routine history and physical exam Comprehensive exam includes: History and Physical, subject to applicable Copayments and Deductibles	18+ years, annually
CBC, Discussion of general health, Blood Cholesterol/HDL or Lipid Profile	18-49 (one test every three years) 50+ years, annually
Urinalysis	18-49 (one test every three years) 50+ years, annually
Pap Smear/Pelvic Exam	18+ years, one routine gynecological exam per year
Fecal Occult Blood Test	41-49 years, every two years 50+ years annually
Sigmoidoscopy/Colonoscopy	40+ years, every five years
Prostate Specific Antigen	50+ years, annually
Mammogram	20-29 (one test every three years) 30-39 (one test every two years) 40+ years, annually
Adult Tetanus Toxoid (TD)	18+ years, every 10 years
Rubella Titler Test and Immunization	18-49 (one test and immunization)
Hepatitis B Vaccine	Age 18+, (high risk) one 3-dose series
Measles-Mumps-Rubella (MMR) Vaccine)	Age 18+, routine administration if needed
Influenza Vaccine	18-50 years (high risk) 50+ years, annually
Pneumococcal Vaccine	18-64 years (high risk) one time 65+ years, one time with revaccination after five years
Chicken Pox Vaccine (Varicella)	18+ years, routine administration as needed.

SCHEDULE "B" – VISION

Eye care -- Participating Providers

Examinations

Usual, customary and reasonable charge

Under 19 years of age – once during twelve (12) months

Over 19 years of age – once during twenty-four (24) months

FRAMES

ALLOWANCE - \$125.00

TYPE OF LENSES

Single Vision

Allowance - \$ 110.00 per pair

Bifocal

Allowance - \$ 140.00 per pair

Trifocal

Allowance - \$ 165.00 per pair

Aphakis (replaces natural
Lens of the eye)

Allowance - \$ 325.00 per pair

CONTACT LENSES

ALLOWANCE PER PAIR

Medically necessary
Hard / Soft

\$250.00

Cosmetic

\$100.00 per year

Schedule "C" – DENTAL INSURANCE

Dental Care

Basic Program

100% usual, customary and reasonable charge

Examination and cleaning – once in any period of six (6) consecutive months

Full mouth x-rays – once in any period of thirty-six (36) consecutive months

Fluoride application – children under 19 years of age – once in any period of six (6) consecutive months.

Crowns, inlays, onlays, prosthetics, and periodontics, - 50% usual, customary and reasonable charge

Orthodontics

50% usual, customary and reasonable charge

Only children under 19 years of age

Maximum payment - \$1,600.

Predetermination is required for:

All treatment plans of \$150.00 or more

Extraction of six (6) or more teeth

Orthodontics

NEW
SCHEDULE "D" – UNIFORM & EQUIPMENT LISTING

Each officer shall be issued the following items:

- 6-Pants
- 6-Long sleeve shirts
- 6-Short sleeve shirts
- 2 Neckties – clip on type
- 1 – Belt, pants, utility
- 1 – Belt, duty type
- 1 – Semi-auto 9 mm, duty type
- 2-9 mm magazines for 9 mm pistol
- 1 Magazine pouch
- 1 – Set handcuffs with case
- 1 Nightstick with ring, duty type
- 1 – Badge, uniform
- 1 – Badge, off-duty, wallet size
- 1 – Raincoat with rain hat
- 1 – Hat, uniform
- 1 – Coat, uniform, mid-length, with zip out lining
- 2 - Shoes, uniform, leather
- 2 – Boots, uniform, leather
- 1 – Boots, foul weather (rubber) type
- 1 – Department Duty Manual
- 1 – Soft body armor, style of the officer's choice*

Miscellaneous emblems and accessories as required by the Chief of Police

1-Rechargeable flashlight (A sufficient number of rechargeable flashlights to assure each member of the Department is individually assigned.)

*NOTE: Any officer for whom the Borough shall purchase body armor shall be obligated to wear such armor while in uniform.

Schedule E

PREMIUM CARD PLAN PRESCRIPTION DRUG BENEFITS

SUMMARY OF BENEFITS

Deductible, copayments, Coinsurance, Out-of-Pocket Maximum and Other Terms Applicable to Benefits

	RETAIL 2013	MAIL SERVICE 2013
*Co-payment Amounts	\$12.00 Generic \$20.00 Brand Preferred \$45.00 Brand Non-Preferred	\$20.00 Generic \$40.00 Brand Preferred \$60.00 Brand Non-Preferred
Deductible	\$0	\$0
Out-Of-Pocket Maximum	None	
Benefit Period Maximum	\$2,500 per Member for prescription Drugs utilized to promote fertility	
Policy Lifetime Maximum	None	None
Days Supply	30 days	90 days
Ample Day Supply Limit percent of the previous supply dispensed that must be used by the Member before a refill will be dispensed.	75%	66%
Generic Substitution Program	Restrictive Generic Substitution Program – In addition to the applicable Brand and Brand Non-Preferred Drug Co-payment and/or Coinsurance, the Member is responsible for the difference in cost between the Brand and Brand Non-Preferred Drug and the Generic Drug equivalent. If the prescribing Physician requires the Brand Drug to be dispensed in place of an approved Generic Drug equivalent, the Member is responsible only for the applicable Brand Drug Coinsurance and/or Co-payment.	
	RETAIL 2014-2017	MAIL SERVICE 2014-2017
*Co-payment Amounts	\$15.00 Generic \$25.00 Brand Preferred \$50.00 Brand Non-Preferred	\$25.00 Generic \$45.00 Brand Preferred \$60.00 Brand Non-Preferred
	RETAIL 2018 2019	MAIL SERVICE 2018-2019
	\$17.00 Generic \$18.00 \$27.00 Brand Preferred \$28.00 \$52.00 Brand Non Preferred \$53.00	\$30.00 Generic \$50.00 Brand Preferred \$65.00 Brand Non Preferred

Borough of Hanover Police Pension Plan

**Originally Effective
January 5, 1951**

**As Amended And Restated Effective
January 1, 2008**

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This plan document has been created from the model document developed by **Conrad Siegel Actuaries**. For further information regarding the drafter's intended meaning of plan provisions contact **Conrad Siegel Actuaries** by letter (P.O. Box 5900, Harrisburg, Pennsylvania 17110-0900) or telephone (717-652-5633). You may also contact us through our website at conradsiegel.com.

Borough of Hanover Police Pension Plan

PREAMBLE

This amended and restated plan, executed on the date indicated at the end hereof, is made effective as of January 1, 2008, except as provided otherwise in Section 1.4(b), by Borough of Hanover, a governmental agency of the Commonwealth of Pennsylvania.

WITNESSETH:

WHEREAS, effective January 5, 1951, the employer established the plan for the members of its police force and desires to continue to maintain a permanent qualified plan pursuant to Act 600 in order to provide these employees and their beneficiaries with financial security in the event of retirement; and

WHEREAS, it is desired to amend said plan;

NOW THEREFORE, the premises considered, the original plan is hereby replaced by this amended and restated plan, and the following are the provisions of the qualified plan of the employer as restated herein; provided, however, that each employee who was previously a participant shall remain a participant, and no employee who was a participant in the plan before the date of amendment shall receive a benefit under this amended plan that is less than the benefit he was then entitled to receive under the plan as of the day prior to the amendment.

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ARTICLE I – DEFINITIONS

Section 1.1 – References

- (a) **Act 205** means the Municipal Pension Plan Funding Standard and Recovery Act, act of December 18, 1984, P.L. 1005 no. 205, as amended, 53 P.S. 895.101, *et seq.* as enacted by the Commonwealth of Pennsylvania.
- (b) **Act 600** means the Police Pension Fund Act, act of May 29, 1956, P.L. 1804 no. 600, as amended, 53 P.S. 761 *et seq.* as enacted by the Commonwealth of Pennsylvania. Cites herein to this Act shall use the Purdon Statute instead of the section number.
- (c) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended.
- (d) **IRC** means the Internal Revenue Code of 1986, as it may be amended from time to time.

Section 1.2 – Actuarial Equivalent

- (a) The present value of any benefit under the terms of this plan will be the actuarial equivalent of the accrued benefit in the normal form of benefit commencing at normal retirement date.
- (b) In compliance with Act 600, this Plan does not provide optional forms of benefit payment; therefore, no actuarial equivalence for determining optional forms need be determined.
- (c) **Limitations on Benefits** – For the purpose of implementing the limitations on benefits of IRC section 415, actuarial equivalence shall be determined based on the following mortality and interest assumptions:

Mortality table: UP-1984 (-2)

Interest rate: 5.00% per annum compounded annually

For the purpose of applying the limitations on benefits of Section 7.1, the applicable mortality table is the applicable mortality table described in Treasury Regulation section 1.417(e)-1(d)(2) in effect for the plan year that contains the annuity starting date. The applicable interest rate is the annual rate of interest as determined under Treasury Regulation section 1.417(e)-1(d)(3) for the second month preceding the first day of the plan year that contains the annuity starting date.

Section 1.3 – Compensation/Average Monthly Compensation

- (a) (1) **Compensation** means any earnings reportable as W-2 wages for federal income tax withholding purposes, plus elective contributions, for the applicable period. Elective contributions are amounts excludable from the employee's gross income and contributed by the employer, at the employee's election to:
 - A cafeteria plan (excludable under IRC section 125 and as provided in Section 7.1(e)(3));
 - A tax sheltered annuity (excludable under IRC section 403(b)); or
 - A deferred compensation plan (excludable under IRC section 457).

Picked-up contributions under IRC section 414(h)(2) shall be included in the participant's compensation.

Any reference in this plan to compensation shall be a reference to the definition in this Section 1.3, unless the plan reference specifies a modification to this definition. The plan administrator shall take into account only compensation actually paid by the employer for the relevant period. A compensation payment includes compensation by the employer through another person under the common paymaster provisions in IRC sections 3121 and 3306. Compensation from a related employer that is not a participating employer under this plan shall be excluded.

- (2) **Exclusions From Compensation** – Notwithstanding the provisions of Section 1.3(a)(1), the following types of remuneration shall be excluded from the participant's compensation:
 - Unused vacation, personal day, and sick pay paid on account of termination of employment

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- Any lump sum payment made upon termination of employment

- (b) **Limitations on Compensation** – For any plan year beginning after December 31, 2001, the plan administrator shall take into account only the first \$200,000 (or beginning January 1, 2003, as adjusted for cost-of-living increases in accordance with IRC section 401(a)(17)(B)) of any participant's annual compensation for determining all benefits provided under the plan for the applicable 12-month period. The compensation dollar limitation in effect for a plan year shall be the limitation amount in effect on January 1 of the calendar year in which the plan year begins. In determining benefits in plan years beginning on or after January 1, 2002, the annual compensation limit for determination periods beginning before January 1, 2002, shall be \$150,000 for any determination period beginning in 1996 or earlier; \$160,000 for any determination period beginning in 1997, 1998, or 1999; and \$170,000 for any determination period beginning in 2000 or 2001. For any plan year beginning after December 31, 1995, the plan administrator shall take into account only the first \$150,000 (or beginning January 1, 1995, as adjusted for cost-of-living increases in accordance with IRC section 401(a)(17)(B)) of any participant's compensation for determining all benefits provided under the plan for a determination period. If the plan should determine compensation on a period of time that contains less than 12 calendar months (such as for a short plan year), the annual compensation dollar limitation shall be an amount equal to the otherwise applicable annual compensation dollar limit for the plan year multiplied by the ratio obtained by dividing the number of full months in the period by 12.

Notwithstanding the preceding, in the case of an eligible participant, the annual compensation dollar limitation shall not apply to the extent that the application of the limitation would reduce the amount of compensation that is allowed to be taken into account under the plan below the amount that was allowed to be taken into account under this plan as in effect on July 1, 1993. For this purpose, an eligible participant is an individual who first became a participant in the plan during a plan year prior to the first day of the first plan year beginning after December 31, 1995.

- (c) **Average Monthly Compensation** means the average of a participant's monthly compensation over the 36-consecutive-month period ending on the date of employment termination. If a participant's entire period of service for the employer is less than the specified period, compensation shall be averaged on a monthly basis over the participant's entire period of service.

The annual compensation taken into account in determining average annual compensation shall be subject to the compensation dollar limitation described in Section 1.3(b) as in effect for each particular year.

Section 1.4 – Dates/Years

- (a) **Accounting Date** means the last day of the plan year.
- (b) The **Effective Date** of the plan is January 5, 1951.

The effective date of this amendment and restatement is January 1, 2008; provided, however that the plan provisions required to comply with the Tax Reform Act of 1986 (TRA '86), the Omnibus Budget Reconciliation Act of 1986 (OBRA '86), the Omnibus Budget Reconciliation Act of 1987 (OBRA '87), and the Technical and Miscellaneous Revenue Act of 1988 (TAMRA) shall generally be effective on the first day of the plan year beginning after December 31, 1988, except as specified otherwise in this plan or in TRA '86, OBRA '86, OBRA '87 or TAMRA for a government sponsored plan. The plan provisions required to comply with the 1989 Revenue Reconciliation Act shall generally be effective on the first day of the plan year beginning after December 31, 1989, except as specified otherwise in this plan or in said Act. The plan provisions required to comply with the Unemployment Compensation Amendments of 1992 shall be effective on January 1, 1993, except as specified otherwise for a government sponsored plan. The plan provisions required to comply with the Omnibus Budget Reconciliation Act of 1993 shall generally be effective on the first day of the plan year beginning after December 31, 1993, except as specified otherwise in said Act.

The plan provision required to comply with the Family and Medical Leave Act shall be effective August 5, 1993, the plan provisions required to comply with the Uniformed Services Employment and Re-Employment Rights Act of 1994 shall be effective December 12, 1994, the plan provisions required to comply with the Retirement Protection Act of 1994 shall generally be effective on the first day of the first limitation year beginning after December 31, 1994, the plan provisions required to comply with the Small Business Job Protection Act of 1996 shall generally be effective on the first day of the plan year beginning after December 31, 1996, the plan provisions required to comply with the Taxpayer Relief Act of 1997

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shall generally be effective on the first day of the plan year beginning after August 5, 1997, the plan provisions required to comply with the Economic Growth and Tax Relief Reconciliation Act of 2001 shall generally be effective on the first day of the plan year beginning after December 31, 2001, the plan provisions required to comply with the Pension Funding Equity Act of 2004 (PFEA) shall be effective for distributions made during the plan year beginning on or after January 1, 2004 and the plan year beginning on or after January 1, 2005, and the plan provisions required to comply with the Pension Protection Act of 2006 that are effective prior to the first day of the first plan year beginning on or after January 1, 2008 shall be effective as of the first day of the first plan year beginning on or after January 1, 2006, except as specified otherwise in this plan or in said Acts for a government sponsored plan.

- (c) **Plan Entry Date** means the participation date(s) specified in Article II.
- (d) **Plan Year** means the 12-consecutive-month period beginning on January 1 and ending on December 31.
- (e) **Limitation Year** means the plan year.

Section 1.5 – Employee

- (a) **Employee** means any person employed by the employer. The term employee shall include any employee of the employer maintaining the plan or of any other employer required to be aggregated with such employer under IRC sections 414(b), (c), (m) or (o), as such provisions may be interpreted to apply to a governmental entity by the Internal Revenue Service. The term employee shall also include any leased employee deemed to be an employee of any such employer as provided in IRC sections 414(n) or (o) and as defined in Section 1.5(b).
- (b) **Leased Employee** means an individual (who otherwise is not an employee of the employer) who, pursuant to a leasing agreement between the employer and any other person, has performed services for the employer (or for the employer and any persons related to the employer within the meaning of IRC section 414(n)(6)) on a substantially full time basis for at least one year and such services are performed under the primary direction or control of the employer. If a leased employee is treated as an employee by reason of this Section 1.5(b), compensation from the leasing organization that is attributable to services performed for the employer shall be considered as compensation under the plan. Contributions or benefits provided a leased employee by the leasing organization that are attributable to services performed for the employer shall be treated as provided by the employer.

Section 1.6 – Employer

Employer means Borough of Hanover, a political subdivision of the Commonwealth of Pennsylvania, or any successor entity that may assume the obligations of this plan with respect to its employees by becoming a party to this plan.

Section 1.7 – Fiduciaries

- (a) **Chief Administrative Officer** means the person appointed by the employer or the pension board as described in Section 8.2 who has primary responsibility for the execution of the administrative affairs of the plan.
- (b) **Plan Administrator** means the Chief Administrative Officer.
- (c) **Investment Manager** means a person or corporation other than a trustee appointed for the investment of plan assets.

Section 1.8 – Participant/Beneficiary/Spouse

- (a) **Participant** means an eligible employee of the employer who becomes a member of the plan pursuant to the provisions of Article II, or a former employee who has an accrued benefit under the plan.
- (b) **Beneficiary** means a person designated by a participant who is or may become entitled to a benefit under the plan. The beneficiary may be someone other than the participant's spouse, but only to the extent that this plan provides for a benefit to be payable to a non-spouse beneficiary. A beneficiary who becomes entitled to a benefit under the plan remains a beneficiary under the plan until the trustee has fully distributed his benefit to him. A beneficiary's right to (and the plan administrator's, or a trustee's duty to provide to the beneficiary) information or data concerning the plan shall not arise until he first becomes entitled to receive a benefit under the plan.

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- (c) **Spouse** means the person of the opposite sex married to the participant at the time of the determination and as further defined by section 3 of the Defense of Marriage Act, 1 U.S.C. § 7 (1996).

Section 1.9 – Plan

Plan means Borough of Hanover Police Pension Plan as set forth herein and as it may be amended from time to time.

Section 1.10 – Service

- (a) **Service** means any period of time the employee is in the employ of the employer, including any period the employee is absent due to vacation, holidays, or sickness. Separation from service means that the employee no longer has an employment relationship with the employer.
- (b) **Hour of Service** means each hour for which an employee is paid or entitled to payment for the performance of duties for the employer.
- (c) **Break in Service** means any period of severance.
- (d) **Period of Severance** means a continuous period of time during which the employee is not employed by the employer and is not credited with an hour of service. Such period begins on the date the employee retires, terminates service, or if earlier, the date on which the employee was otherwise first absent from service.
- (e) **Credit for Military Service** – Any employee employed as a member of the police force who has been a regularly appointed employee for a period of at least six months and who thereafter enters into the military service of the United States shall receive credit for all such military service, if he returns to employment with the employer within six months after his separation from military service.

Further, effective January 1, 2003, any employee who entered into the military service of the United States before employment with the employer shall receive credit for each year of military service or fraction thereof for a period not to exceed five years. Such service shall not be credited if the employee fails to make the required payment. The required payment for such crediting shall be computed by: (a) applying the lesser of 10% or the average normal cost rate for borough and township police pension plans as certified by the Public Employee Retirement Study Commission to the employee's average annual rate of compensation over the first three years of service and (b) multiplying the result by the number of years and fractional parts of years of creditable nonintervening military service being purchased together with interest at the rate of 4.75% compounded annually from the date of employment to the date of payment, as provided under Act 600, 53 P.S. 770(b).

No service shall be credited under this Section 1.10(e) if the employee is entitled to receive retirement benefits for such service under a retirement system administered and wholly or partially paid for by any other governmental agency with the exception of an employee eligible to receive military retirement pay earned by a combination of active duty and nonactive duty with a reserve or national guard component of the armed forces which retirement pay is payable only upon attainment of a specified age and period of service under 10 U.S.C. Ch 67 (relating to retired pay for non-regular service).

No service shall be credited under this Section 1.10(e) unless the employee's discharge or separation from the military service was granted under other than dishonorable conditions.

Notwithstanding the preceding, effective December 12, 1994, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with IRC section 414(u) and the applicable Pennsylvania statutes. An employee reemployed after qualified military service shall not be treated as having incurred a break in service, for purposes of vesting and benefit accruals, solely because of an absence due to qualified military service.

- (f) **Other Service Credited** – If the employer is a member of an affiliated service group under IRC section 414(m) or a controlled group of corporations under IRC section 414(b), or any other entity required to be aggregated with the employer pursuant to IRC section 414(o) as these Internal Revenue Code provisions are applied to a governmental entity, service shall be credited for any employment for any period of time for any other member of such group. Service shall also be credited for any leased employee who is considered an employee for purposes of this plan under IRC section 414(n) or (o).
- (g) (1) **Year of Service** means 12 months of service, excluding any breaks in service. For purposes of determining an employee's initial year of service upon his employment, the initial year of service shall

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commence on the employee's first day of employment. The first day of employment is the first day the employee performs an hour of service. The first day of re-employment is the first day the employee performs an hour of service following a break in service. An initial year of service shall end on the day immediately preceding the first anniversary of the employee's date of hire or rehire. Any subsequent year of service shall commence on the day following the completion of the immediately preceding year of service.

- (2) **Crediting Years of Service** – Service may be credited for the purpose of eligibility to participate, vesting, benefit accrual, or determining the benefit payable under the normal retirement benefit formula. Generally, no service shall be credited for periods during which the employee performs no services for the employer. Further, no more than one year of service will be credited for any 12-consecutive-month period.
- (3) **Predecessor Service** – If the employer maintains the plan of a predecessor employer, service with such predecessor employer shall be treated as service for the employer. If the employer does not maintain the plan of a predecessor employer, then service as an employee of a predecessor employer shall not be considered as service under the plan. The plan may be amended to provide for the crediting of service performed for a disbanded police force under an intermunicipal agreement pursuant to the Intergovernmental Cooperation Law as provided in 53 P.S. 770(e) and (f).

Section 1.11 – Trust

- (a) **Trust** means the qualified trust created under the employer's plan. The trust shall be known as the Borough of Hanover Police Pension Fund.
- (b) **Trustee** means the person or persons appointed by the employer to be the trustee of the trust, or any duly appointed successor trustee.

ARTICLE II – PARTICIPATION

Section 2.1 – Plan Participation

- (a) **Eligibility** – An employee who is a member of the eligible class of employees shall be eligible for plan participation provided that he agrees to make the mandatory contributions as set forth in Section 6.2.
- (b) **Eligible Class of Employees** – Employees of the employer who are employed as police officers on a regularly scheduled, full time basis shall be eligible to be covered under the plan. Any police officer employed as a temporary, special, part-time, or permanent part-time officer of the employer shall not be considered a member of the eligible class of employees.
- (c) **Entry Date** – An eligible employee shall participate in the plan on the first day he performs one hour of service.

Section 2.2 – Termination of Participation

A participant shall continue to be an active participant of the plan so long as he is a member of the eligible class of employees and he does not terminate employment. He shall become an inactive participant immediately if he ceases to be a member of the eligible class of employees or terminates employment. He shall cease participation completely upon the later of his receipt of a total distribution of his nonforfeitable accrued benefit under the plan or the forfeiture of the nonvested portion of the accrued benefit.

Section 2.3 – Re-Participation

- (a) If a participant becomes an inactive participant, because he is no longer a member of the eligible class of employees; such inactive participant shall become an active participant immediately upon returning to the eligible class of employees. In the event an employee who is not a member of an eligible class of employees becomes a member of an eligible class, such employee shall participate immediately.
- (b) If a participant incurs a break in service, he shall become an active participant immediately upon returning to employment.

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ARTICLE III – RETIREMENT BENEFITS

Section 3.1 – Service Rules

- (a) (1) **Year of Vesting Service** – For purposes of determining the nonforfeitable interest in the participant's accrued benefit, the employee shall receive credit for the aggregate of all time periods commencing with the employee's first day of employment or re-employment as a police officer and ending on the date a break in service begins, except for periods of service disregarded below. The first day of employment or re-employment is the first day the employee performs an hour of service. Fractional periods of a year will be expressed in terms of days. One year of vesting service shall be credited for each 365-day period.
- (2) **Break in Service Rules**
 - (A) **Vested Participant** – A former participant who had a nonforfeitable right to all or a portion of his accrued benefit derived from employer contributions at the time of his termination from service and who did not receive a distribution of his accumulated contributions shall retain credit for all years of vesting service prior to a break in service.
 - (B) **Nonvested Participant or Employee** – In the case of a former participant or employee who did not have any nonforfeitable right to his accrued benefit derived from employer contributions at the time of his termination from service or who received a distribution of his accumulated contributions, years of vesting service before a break in service shall not be taken into account in computing service, except as provided in Section 5.3.
- (b) **Year of Benefit Service** – For the purpose of determining the participant's benefit under the pension benefit formula, the participant shall receive credit for the aggregate of all time periods commencing with the participant's first day of active participation or active reparticipation and ending on the date a break in service begins or the participant is no longer a member of an eligible class of employees, except for periods of service disregarded herein. One year of benefit service shall be credited for each 365-day period. Any years of service disregarded under Section 5.3 Accumulated Contribution Distribution and Restoration shall be disregarded for this purpose.

Section 3.2 – Normal Retirement

- (a) (1) **Normal Retirement Age** – The normal retirement age of each participant shall be the day on which he satisfies both of the following requirements:
 - (A) he attains age 50; and
 - (B) he completes 25 years of vesting service.

An actively employed participant's right to his normal retirement benefit shall be 100% vested and nonforfeitable upon attainment of the normal retirement age, notwithstanding the plan's vesting schedule.

Retired participants shall be subject to service, from time to time, as a police reserve, in cases of riot, tumult, or preservation of public peace until unfitted for such service, when they may be finally discharged by reason of age or disability.
- (2) **Normal Retirement Date** – The normal retirement date of each participant shall be the first day of the month coincident with or next following the day on which he attains his normal retirement age as defined in Section 3.2(a)(1).
- (b) (1) **Normal Retirement Benefit** – The normal retirement benefit of each participant shall not be less than the largest periodic benefit that would have been payable to the participant upon separation from service at or prior to his normal retirement date under the plan exclusive of social security supplements, premiums on disability or term insurance, and the value of disability benefits not in excess of the normal retirement benefit, but taking into account any decrease in average monthly compensation.
- (2) **Normal Form of Payment** – The normal form of retirement benefit for each participant shall be a level monthly pension payable during the participant's lifetime, with payments commencing on his normal retirement date, and ceasing upon the participant's death.

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- (c) **Pension Benefit Formula** – Each eligible participant shall receive a monthly benefit payable at his normal retirement date equal to 50% of average monthly compensation.
- (d) **Service Increment Benefit** – Each eligible participant shall receive a service increment benefit equal to \$100 per month for each completed year of benefit service in excess of 25. Effective January 1, 2008, the total service increment benefit shall not exceed \$200 per month. Effective January 1, 2011, the total service increment benefit shall not exceed \$300 per month. This benefit shall be payable in addition to the monthly benefit payable under the pension benefit formula, provided the participant is eligible.
- (e) **IRC Section 415 Limitation on Benefits** – Notwithstanding the benefits set forth in this Article, the annual benefit otherwise payable to a participant under this plan at any time shall be limited as provided in Section 7.1.
- (f) **Cost-of-Living Adjustments for Former Employees** – For employees who retired after January 1, 1980, accruals under the current benefit formula shall be increased by the following cost-of-living adjustment. The benefit adjustment shall occur (1) initially as of the April 1 of the first calendar year after the later of the termination of the participant's employment or his retirement date, and (2) thereafter as of each April 1. The annual adjustment shall not cause the benefit payable to exceed the maximum permissible defined benefit dollar limit as described in Section 7.1(e)(5) for the calendar year as cumulatively adjusted.

The adjusted retirement benefit payable each month for a plan year shall equal the monthly retirement benefit multiplied by the lesser of 1.06, or by a fraction:

- (1) the numerator of which is the monthly Consumer Price Index (All Urban Consumers) issued by the U.S. Bureau of Labor Statistics for the December 31 of the preceding calendar year; and
- (2) the denominator of which is the Index for the immediately prior December 31.

The adjustment made on the first April 1 following retirement shall be equal to the adjustment as calculated above, multiplied by a fraction, not greater than 1, the numerator of which is the number of months from the date of retirement to the April 1 date, and the denominator of which is 12.

Notwithstanding the above, the total cost-of-living adjustment shall not exceed the percentage increase in the Consumer Price Index from the plan year in which the former participant last performed service as a full-time employee. No adjustment shall result in a total retirement benefit in excess of 75% of the former participant's average monthly compensation. Further, the total cost-of-living adjustment to a participant shall not exceed 30%.

Section 3.3 – Accrued Benefit

A participant's accrued benefit at any time equals: (a) the product of the normal retirement benefit determined in accordance with Section 3.2(c) multiplied by a fraction, the numerator of which is the number of years of benefit service at such date, and the denominator of which is the number of years of benefit service the participant would have as of the year containing his normal retirement date if he continues to work until such date; plus (b) any service increment benefit.

If a participant begins receiving benefits at a time other than his normal retirement date, the participant's benefit will be determined in accordance with Section 3.4 if benefits commence after his normal retirement date and in accordance with Section 3.5 if benefits commence before his normal retirement date.

Section 3.4 – Late Retirement

- (a) **Nonforfeiture** – If a participant remains employed after his normal retirement date, his benefits shall remain 100% vested and nonforfeitable. Payment of benefits shall not commence until his actual retirement date.
- (b) **Suspension of Benefits Until Payment** – Payment of normal retirement benefits shall be suspended for each calendar month during which the participant remains employed after his normal retirement date. The amount of benefits that are paid later than his normal retirement date shall be computed under the pension benefit formula, and shall be increased by any service increment benefit. The participant's pension benefit shall be determined on the basis of the participant's years of service for benefit accrual completed before and during the period of suspension; and the participant's compensation with the employer during the period of suspension shall be included in any relevant determination of average monthly compensation.

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Section 3.5 – Early Retirement

No early retirement benefit is provided under this plan.

Section 3.6 – Disability Retirement

If an actively employed participant suffers a service-connected disability and is unable to perform his normal duties prior to his normal retirement date and remains disabled for six months, he may receive a disability benefit under the plan.

Effective for an active participant becoming disabled on or after April 17, 2002, such disabled participant shall be entitled to a monthly disability benefit equal to 50% of the participant's salary at the time the disability was incurred. The disability retirement benefit otherwise payable under this plan shall be offset by any Social Security disability benefit received by the participant for the same injuries.

Disability benefit payments shall cease upon death or upon recovery from disability prior to the date on which the disabled participant would have reached his normal retirement date if he had continued as an active participant under the plan. If disability benefits cease due to death before the participant's attainment of his normal retirement date, the death benefit payable shall be the appropriate preretirement death benefit described in Section 4.2, without any reduction with respect to disability payments that have been made. For the purpose of determining whether there has been a recovery, the plan administrator may require evidence of continued disability. Such evidence may include examination by a doctor selected by the plan administrator. The participant's refusal to submit to medical examinations shall render him ineligible for disability benefits.

If disability continues until attainment of normal retirement date, the disability benefit shall continue until death.

Disability means inability to engage in any substantial gainful activity for which the participant is reasonably fitted through training, education, and experience by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months and that is the result of the performance of police services for the employer.

The permanence and degree of the impairment shall be supported by medical evidence. The plan administrator shall determine whether the participant is disabled as defined hereunder after consultation with a physician chosen by the plan administrator. The physician shall examine the participant at the participant's place of residence or at a place mutually agreed upon. In the administration of this Section, all employees shall be treated in a uniform manner in similar circumstances.

Section 3.7 – Benefit Distribution

- (a) **Commencement of Benefits** – Subject to the limitations of this plan, the benefit distribution shall commence as soon as administratively feasible after the later of the participant's termination of employment or his satisfaction of the normal retirement date requirements, provided that he files a written application for the retirement benefit.
- (b) **Form of Payment** – A participant shall receive distribution of his accrued benefit as a monthly pension payable as of the first day of each month as long as the participant lives.
- (c) **General Payment Provisions**
 - (1) If any person entitled to receive benefits hereunder is physically or mentally incapable of receiving or acknowledging receipt thereof, and if a legal representative has been appointed for him, the plan administrator may direct the benefit payment to be made to such legal representative.
 - (2) At the direction of the plan administrator, the trustee may make pension payments directly from the fund or may take such steps as may be required to purchase an annuity contract from an insurance company for the participant, provided that the annuity contract purchased on behalf of such participant shall be sufficient to provide the benefits to which the participant is entitled. The ownership of the annuity contract shall remain with the trustee, unless the plan administrator determines otherwise. Any annuity contract distributed herefrom shall be non-transferable. The application and directions to the insurance company for such annuity contract shall be made by the plan administrator. The terms of any such annuity contract purchased by the plan shall comply with the requirements of this plan. Any dividend, refund or recovery on an annuity contract shall be used to reduce subsequent employer contributions.

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- (3) The benefits due any participant on account of his most recent period of employment shall not duplicate any benefits due the same participant under this plan on account of previous employment with the employer.

Section 3.8 – Suspension of Benefits

Subject to the requirements of Section 7.2, benefits in pay status shall be suspended if a participant returns to employment as a full-time police officer for the employer; however, there shall be no suspension if the participant is required to perform services for the employer from time to time as a police reserve in compliance with 53 P.S. 769. If the participant accrues an additional benefit, the plan shall offset the actuarial value of the distributions made to the participant by the last day of the preceding plan year against the retirement benefit as of such date. However, to determine the benefit payable to the participant on or after his succeeding termination of employment, the plan shall offset the actuarial value of such benefit distributions that are made to the participant by the date of his succeeding termination of employment against his retirement benefit determined as of such date.

Section 3.9 – Domestic Relations Orders

Nothing contained in this plan prevents the trustee, in accordance with the direction of the plan administrator, from complying with the provisions of an acceptable domestic relations order that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to receive all or a portion of the benefits payable with respect to a participant under the plan.

A distribution under an acceptable domestic relations order will not be made to an alternate payee until the participant is entitled to a distribution under this plan and commences such distribution. Nothing in this Section permits the alternate payee to receive a form of payment not otherwise permitted under the plan.

The plan administrator shall establish reasonable procedures to determine the acceptability of a domestic relations order in accordance with IRC section 414(p). Upon receiving a domestic relations order, the plan administrator promptly will notify the participant and any alternate payee named in the order, in writing, of the receipt of the order and the plan's procedures for determining the acceptability of the order. Within a reasonable period of time after receiving the domestic relations order, the plan administrator shall determine the acceptability of the order and shall notify the participant and each alternate payee, in writing, of its determination. The plan administrator shall provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

If any portion of the participant's nonforfeitable accrued benefit is payable during the period the plan administrator is making its determination of the acceptability of the domestic relations order, the plan administrator shall make a separate accounting of the amounts payable. If the plan administrator determines the order is an acceptable domestic relations order within 18 months of the date amounts first are payable following receipt of the order, it shall direct the trustee to distribute the payable amounts in accordance with the order. If the plan administrator does not make its determination of the acceptability of the order within the 18-month determination period, it shall direct the trustee to distribute the payable amounts in the manner the plan would distribute if the order did not exist and will apply the order prospectively if it later determines the order is an acceptable domestic relations order.

ARTICLE IV – DEATH BENEFITS

Section 4.1 – Death Benefit With Respect to Employee Contributions

- (a) **Benefit Payable** – If a participant dies prior to his annuity starting date (as defined in Section 7.1(e)(12)) and if no death benefit is payable under Section 4.2, an amount equal to the participant's accumulated contributions as determined under Section 6.2 shall be payable to the participant's designated beneficiary in one lump sum.
- (b) **Beneficiary Designation** – The participant shall have the right to designate his beneficiaries, including a contingent beneficiary, and shall have the right at any time to change such beneficiaries. The designation shall be made in writing on a form supplied by the plan administrator. No designation shall be effective until filed with the plan administrator. If the participant fails to designate a beneficiary, or if the designated person or persons predeceases the participant, "beneficiary" shall mean the surviving spouse. If there is neither a named beneficiary nor a surviving spouse, then the benefit shall be payable to any eligible child (or children) of the participant. In the case of multiple eligible children, the benefit payable shall be divided

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equally among the children. If there is no named beneficiary, no surviving spouse, and no eligible child, the benefit shall be payable to the estate of the participant. However, in the event that no letters have been taken out on the estate within six months after death and the death benefit payable is less than \$100, the death benefit shall be paid to the undertaker or any person or municipality that paid the claim of the undertaker.

- (c) **Eligible Child** – For purposes of this Article IV, an eligible child is a child of the participant who is under the age of 18 or, if attending college, under or attaining the age of 23. Child shall include the adopted child of the participant. For this purpose, attending college means being registered at an accredited institution of higher learning and carrying a minimum course load of seven credit hours per semester.

Section 4.2 – Killed in Service Benefit and Survivor Benefit

- (a) **Killed in Service Benefit** – If an active participant is killed on or after April 17, 2002 while performing police services for the employer, the participant's surviving spouse or eligible child (if any and as further described in Section 4.1(c)) shall receive a monthly benefit equal to 100% of the participant's monthly salary at the time of death.
- (b) **Survivor Benefit** – If no benefit is payable under Section 4.2(a), then a survivor benefit may be payable under this Section 4.2(b). Further, if the plan administrator determines that the conditions for a benefit under both Section 4.2(a) and Section 4.2(b) have been satisfied, the greater of the two benefits shall be paid. If a retired or disabled participant who is receiving a pension benefit dies or if a participant dies after satisfying the requirements for retirement whether or not he had previously terminated employment, the participant's surviving spouse or eligible child (if any and as further described in Section 4.1(c)) shall receive a benefit equal to 50% of the retirement benefit that the participant was receiving or would have been receiving if the participant had been retired on the date of death.
- (c) Payment shall be in the form of a pension (without actuarial adjustment with respect to the age of the beneficiary) and shall commence as of the first day of the month following the date of death. Payment to the surviving spouse shall cease upon the death of the surviving spouse.

If there is no surviving spouse or if the surviving spouse dies (thereby ceasing to be the surviving spouse of the participant), then the benefit shall be payable to any eligible child (or children) of the participant as defined in Section 4.1(c). In the case of multiple eligible children, the benefit payable shall be divided equally among the children. Payment shall cease upon the earlier of death or attainment of age 18 (or under or attaining the age of 23 if attending college).

The participant's spouse cannot waive receipt of this benefit. In the case of an unmarried participant who has no children under the age of 18 (or under or attaining the age of 23 if attending college), no death benefit shall be payable under this Section 4.2, but a death benefit may be payable under Section 4.1. The death benefit payable shall not be less than the benefit payable under Section 4.1. In the event that there is no spouse or child eligible to receive the death benefit payable under this Section 4.2, the death benefit provided under Section 4.1 shall be paid as described therein. The distribution shall comply with the Distribution Requirements of Section 7.2(d)(2).

If there is an acceptable domestic relations order in force with respect to the participant, the alternate payee shall receive a portion of the death benefit to the extent provided in the order, but only if the alternate payee has not died. However, no order shall be accepted if it provides that the alternate payee shall be the surviving spouse creating a right to a death benefit under this Section 4.2 as the death benefit payable hereunder is only payable with respect to a widow or widower or an eligible child.

ARTICLE V – TERMINATION OF EMPLOYMENT BENEFITS

Section 5.1 – Vesting

If a participant separates from the service of the employer other than by retirement or disability, he shall forfeit any benefit accrued under Section 3.3 unless he has been credited with 12 years of vesting service. A participant who has been credited with 12 years of vesting service shall be entitled to a vested deferred pension if he files with the plan administrator a written notice of his intention to vest within 90 days of the date he terminates employment or ceases to be a member of the eligible class of employees. Such vested deferred pension shall be equal to the benefit accrued to the date of termination.

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Section 5.2 – Payment of Benefits

- (a) **Payment as of Normal Retirement Date** – If the participant terminates his employment on or before his normal retirement date, payment of the vested accrued pension may begin at his normal retirement date. If payments do not commence until after his normal retirement date, distribution must begin by the required beginning date for minimum required distributions and the amount of the benefit payable shall be determined as provided in Section 3.4.
- (b) **Payment Prior to Normal Retirement Date** – No accrued benefit is payable before the normal retirement date, except in the event of death or disability. Nevertheless, if the participant is not eligible to receive his benefit accrued under Section 3.3 at the time of his termination of employment (either due to his years of vesting service or his failure to file a written notice under Section 5.1), he shall receive an amount equal to his accumulated contributions as soon as administratively possible after severance of employment as provided in Section 6.2.
- (c) **Death Before Retirement** – If a participant terminates employment and dies before beginning to receive retirement benefits, a pre-retirement death benefit may be payable, to the extent provided under Article IV.
- (d) **Forfeiture for Malfeasance** – Notwithstanding any other provision of this plan, a participant who is convicted or pleads guilty to engaging in criminal misconduct which constitutes a "crime related to public office or public employment," as that phrase is defined in Pennsylvania Pension Forfeiture Act, 43 P.S. 1311-1314 and interpreted thereunder, shall forfeit his right to receive a pension benefit under this plan. In such a case, the participant shall only be entitled to receive the contributions, if any, he made under Section 6.2, without interest.

Section 5.3 – Accumulated Contribution Distribution and Restoration

- (a) **Accumulated Contribution Distribution** – If an employee receives a distribution of his accumulated contributions under Section 6.2, the employee's vested accrued benefit shall be zero. For purposes of this section, if the value of an employee's accumulated contributions is zero, he shall be deemed to have received a distribution of such vested accrued benefits. In determining the participant's accrued benefit after the occurrence of such a distribution, the plan shall disregard all years of benefit service performed by such employee before the date of distribution.
- (b) **Restoration** – If a participant receives a distribution pursuant to this Section and if he resumes covered employment under the plan, he shall have the right to restore his accrued benefit under Section 3.2 upon the repayment to the plan of the full amount of the distribution plus interest, compounded annually from the date of distribution at the rate set forth in Section 6.2(c). In order to make a total or partial repayment, the employee may transfer to the plan the account balance of the individual retirement account or annuity to which the distribution being repaid was transferred, provided that both transfers are accomplished in compliance with IRC section 408(d). Such repayment must be made within five years after the participant returns to active participation.

If a participant is eligible to restore his accrued benefit, but such restoration has not been made; then, for the purpose of determining years of benefit service and years of vesting service, years of service before the employee's break-in-service shall be disregarded. If an employee is deemed to receive a distribution pursuant to Section 5.3(a), and he resumes covered employment under this plan at any time thereafter, upon the re-employment of such employee the plan shall take into account all years of benefit service performed by such employee before the date of such deemed distribution.

ARTICLE VI – CONTRIBUTIONS

Section 6.1 – Contributions Other Than Employee Contributions

- (a) **Application of Certain Receipts** – The amounts of the payments made by the Treasurer of the Commonwealth from the monies received from taxes paid upon premiums by foreign casualty insurance companies and foreign fire insurance companies, that are determined by the employer to be deposited in the fund, shall be applied as follows:
 - (1) To pay expenses incurred for the administration of the fund and the plan.

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- (2) To reduce any unfunded liability. Unfunded liability means the present value of the liability of the fund on account of retirement benefits payable under this plan that accrued prior to the date as of which mandatory employee contributions were first required, offset by the value of any assets in the fund.
- (3) After the unfunded liability has been funded, to apply against the annual obligation of the employer for future service cost. Future service cost means the amount of money required to be contributed annually into the fund on account of benefits payable under the plan with respect to years of service credited after the establishment of the plan.
- (4) To the extent that the payments may be in excess of such obligation, to reduce mandatory employee contributions hereunder.

Any other monies paid into the fund including gifts, grants, devises or bequests granted to the trust fund pursuant to 53 P.S. 768 shall be applied equally against the participant mandatory employee contribution obligation and the employer obligation for future service cost.

- (b) **Employer Contributions** – The Chief Administrative Officer of the plan shall determine the financial requirements of the plan on the basis of the most recent actuarial report and shall determine the minimum obligation of the employer with respect to funding the plan for any given plan year. The Chief Administrative Officer shall submit the financial requirements of the plan and the minimum obligation of the employer to the employer (or its governing body) annually and shall certify the accuracy of such calculations and their conformance with Act 205. To the extent that the payments received under Section 8.4(a)(2) do not exceed the employer's annual obligation for future service cost, as determined by the actuary in accordance with Act 205, the employer shall be obligated to make such contribution to the trust by annual appropriations.

Section 6.2 – Mandatory Employee Contributions

- (a) **Mandatory Contribution Amount** – As a condition of participation in this plan, each active participant must contribute, on an after-tax basis, a percentage of his compensation as established each year. In general, this mandatory contribution shall be 5.00% of the participant's compensation.

The employer may reduce or eliminate the contribution required provided any reduction or elimination of contributions is authorized on an annual basis by an ordinance or resolution by the employer.

- (b) **Employee Contributions** – The employer shall remit employee contributions to the trust of the plan as soon as administratively feasible.
- (c) **Determination of Accumulated Contributions** – The participant's accumulated contributions shall be equal to his mandatory employee contributions with interest. The interest rate to be credited shall be 3.000% per annum. Such interest shall be credited annually in the form of a compound interest rate. A participant shall be 100% vested in his accumulated contributions.
- (d) **Withdrawal of Accumulated Contributions** – Upon termination of employment, a participant who is not vested in his benefit accrued under Section 3.3 shall receive an amount that is equal to his total accumulated contributions. The withdrawal shall be payable in one lump sum. Thereafter, the former participant shall have no further right to any benefit under this plan.

In no event may any amount be withdrawn or distributed until the participant's retirement, disability, death or termination of employment, regardless of the income tax accounting treatment required by IRC section 72(e)(8)(D).

- (1) **Eligible Rollover Distribution** – Effective for distributions made on or after January 1, 1993, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any eligible portion of a lump sum distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover payment.

- (A) **Eligible Rollover Distribution** – An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution to the extent such distribution is required under IRC section 401(a)(9) and the portion of any distribution that is not includable in gross income; and any other distribution(s) that is reasonably expected to total less than \$200 during a year.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includable in gross income.

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However, such portion may be transferred only to: (A) an individual retirement account or annuity described in IRC section 408(a) or (b); (B) for taxable years beginning after December 31, 2001 and before January 1, 2007, to a qualified defined contribution plan described in IRC section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable; or (C) for taxable years beginning after December 31, 2006, to a qualified trust or to an annuity contract described in IRC section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

- (B) **Eligible Retirement Plan** – An eligible retirement plan is an individual retirement account described in IRC section 408(a), an individual retirement annuity described in IRC section 408(b), an annuity plan described in IRC section 403(a), an annuity contract described in IRC section 403(b), an eligible plan under IRC section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and that agrees to separately account for amounts transferred into such plan from this plan, or a qualified plan described in IRC section 401(a), that accepts the distributee's eligible rollover distribution.

Effective for distributions made on or after January 1, 2008, an eligible retirement plan includes a Roth individual retirement account (Roth IRA) described in IRC section 408A. However, for distributions before January 1, 2010, a distributee shall not be allowed to make a qualified rollover contribution to a Roth IRA from the plan if, for the taxable year of the distribution to which such contribution relates the distributee's adjusted gross income exceeds \$100,000, or the distributee is a married individual filing a separate return.

- (C) **Distributee** – A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in IRC section 414(p), are distributees with regard to the interest of the spouse or former spouse. Effective for death benefit distributions made on or after January 1, 2007, a distributee shall include a nonspouse beneficiary but only with respect to a direct transfer to an inherited individual retirement account or annuity that is established on his behalf and that will be treated as an inherited individual retirement account or annuity pursuant to the provisions of IRC section 402(c)(11).

- (D) **Direct Rollover** – A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

(2) **Special Rule Relating to Time for Written Explanation**

Effective for distributions made on or after January 1, 1993, for any distribution in excess of \$200 that may be paid in the form of a lump sum, the plan administrator shall give the participant written notice of his eligible rollover distribution rights as required under IRC section 402(f) no less than 30 days and no more than 90 days before the annuity starting date with respect to the distribution. Effective for distributions made on or after January 1, 1994, such distribution may commence less than 30 days after the notice is given, provided that:

- (A) The participant is provided with information that clearly states that the participant has a right to a period of at least 30 days after receiving the written explanation and notice to consider the decision of whether or not to elect a distribution;
- (B) The participant, after receiving the written notice, affirmatively elects a distribution.
- (e) **Forfeiture** – If a death benefit is payable under Section 4.1, it shall not be less than the participant's accumulated contributions.

Section 6.3 – Rollover/Transfer Contributions

Rollover and transfer contributions shall not be permitted under this plan and there shall be no rollover/transfer account.

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ARTICLE VII – ADDITIONAL QUALIFICATION RULES

Section 7.1 – Limitation on Benefits Under IRC Section 415

The limitations of this Section 7.1 shall apply in limitation years beginning on or after July 1, 2007, except as otherwise provided herein.

(a) Annual Benefit Limitation

The annual benefit otherwise payable to a participant at any time under the plan shall not exceed the maximum permissible benefit.

(b) Limitations on Employee Contributions

If a participant has made mandatory employee contributions, under the terms of this plan, the amount of such contributions shall be treated as an annual addition to a qualified defined contribution plan. If the mandatory employee contribution the participant would otherwise make in a limitation year would exceed the maximum permissible annual addition, the contribution shall be limited to a contribution that does not exceed the maximum permissible annual addition.

- (1) Prior to determining the participant's actual compensation for the limitation year, the employer may determine the maximum permissible annual addition for a participant on the basis of a reasonable estimation of the participant's compensation for the limitation year, uniformly determined for all participants similarly situated.
- (2) As soon as is administratively feasible after the end of the limitation year, the maximum permissible annual addition for the limitation year will be determined on the basis of the participant's actual compensation for the limitation year.

(c) Combined Limitations: Other Defined Benefit Plans

- (1) If a participant is, or has ever been, a participant in another qualified defined benefit plan maintained by the employer or a predecessor employer, the sum of the participant's annual benefits from all such plans may not exceed the maximum permissible benefit. If the maximum permissible benefit is exceeded solely due to the benefit payable under a frozen or terminated defined benefit plan, the annual benefit otherwise payable under this plan shall be reduced so that the maximum permissible benefit is not exceeded.
- (2) Where the participant's employer-provided benefits under all qualified defined benefit plans ever maintained by the employer (determined as of the same age) would exceed the maximum permissible benefit applicable at that age, the method by which the plans will limit a participant's annual benefit otherwise payable in such cases shall be as provided in Section 3.2(f).

(d) Protection of Accrued Benefit

In the case of an individual who was a participant in one or more defined benefit plans of the employer as of the first day of the first limitation year beginning after December 31, 1986, the application of the limitations of IRC section 415 shall not cause the maximum permissible benefit amount for such individual under all such defined benefit plans to be less than the individual's Tax Reform Act of 1986 (TRA '86) accrued benefit. The preceding sentence applies only if all such defined benefit plans met the requirements of IRC section 415, for all limitation years beginning before January 1, 1987.

The application of the provisions of this Section 7.1 shall not cause the maximum permissible benefit for any participant to be less than the participant's accrued benefit under all the defined benefit plans of the employer or a predecessor employer as of the end of the last limitation year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations, and other published guidance relating to IRC section 415 in effect as of the end of the last limitation year beginning before July 1, 2007, as described in Treasury Regulation section 1.415(a)-1(g)(4).

(e) Definitions (IRC Section 415 Limitations)

- (1) **Annual Additions** – The sum of the following amounts credited to a participant's account for the limitation year: (A) employer contributions; (B) employee contributions; (C) forfeitures; (D) allocations

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under a simplified employee pension; and (E) amounts allocated, after March 31, 1984, to an individual medical account that is part of a pension or annuity plan maintained by the employer. Also amounts derived from contributions paid or accrued after December 31, 1985 (in taxable years ending after such date), that are attributable to post-retirement medical benefits, allocated to the separate account of a key employee (as defined in IRC section 419A(d)(3)) under a welfare benefit fund.

For limitation years beginning before January 1, 1987, employee contributions shall only be taken into account for this purpose up to the lesser of the amount of employee contributions in excess of 6% of compensation for the limitation year, or one-half of the employee contributions for that year. Picked-up contributions under IRC section 414(h)(2) shall not be included as an annual addition with respect to a participant.

- (2) **Annual Benefit** – A benefit under the plan that is payable annually in the form of a straight life annuity. The annual benefit shall include any picked-up contributions made by the employer under IRC section 414(h)(2). Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this Section 7.1. For a participant who has or will have distributions commencing at more than one annuity starting date, the annual benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this Section 7.1 as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Treasury Regulation section 1.401(a)-20, Q&A 10(d), and with regard to Treasury Regulation section 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit is required for (A) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the participant's benefit were paid in another form; (B) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and postretirement medical benefits); and (C) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to IRC section 417(e)(3) and would otherwise satisfy the limitations of this Section 7.1, and the plan provides that the amount payable under the form of benefit in any limitation year shall not exceed the limits of this Section 7.1 applicable at the annuity starting date, as increased in subsequent years pursuant to IRC section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the annual benefit shall take into account social security supplements described in IRC section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant Treasury Regulation section 1.411(d)-4, Q&A-3(c), but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in plan years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section 7.1(e)(2)(A) or Section 7.1(e)(2)(B).

- (A) **Benefit Forms Not Subject to IRC Section 417(e)(3)** – The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this Section 7.1(e)(2)(A) if the form of the participant's benefit is either (i) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the participant (or, in the case of a preretirement survivor annuity, the life of the surviving spouse), or (ii) an annuity that decreases during the life of the participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the annual benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in IRC section 401(a)(11)).
- (i) **Limitation Years beginning before July 1, 2007** – For limitation years beginning before July 1, 2007, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table

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stated in Section 1.2(c); and (b) a 5% interest rate assumption and the applicable mortality table defined in Section 1.2(c) for that annuity starting date.

- (ii) **Limitation Years beginning on or after July 1, 2007** – For limitation years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of:
 - (a) the annual amount of the straight life annuity (if any) payable to the participant under the plan commencing at the same annuity starting date as the participant's form of benefit; and
 - (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5% interest rate assumption and the applicable mortality table defined in Section 1.2(c) for that annuity starting date.

(B) **Benefit Forms Subject to IRC Section 417(e)(3)** – The straight life annuity that is actuarially equivalent to the participant's form of benefit shall be determined under this paragraph if the form of the participant's benefit is other than a benefit form described in Section 7.1(e)(2)(A). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

- (i) **Annuity Starting Date in Plan Years Beginning After 2005** – If the annuity starting date of the participant's form of benefit is in a plan year beginning after December 31, 2005, the actuarially equivalent straight life annuity shall be equal to the greatest of: (a) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the interest rate and the mortality table stated in Section 1.2(c); (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table defined in Section 1.2(c); and (c) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using the applicable interest rate and the applicable mortality table as defined in Section 1.2(c), divided by 1.05.
- (ii) **Annuity Starting Date in Plan Years Beginning in 2004 or 2005** – If the annuity starting date of the participant's form of benefit is in a plan year beginning in 2004 or 2005, the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate and the mortality table stated in Section 1.2(c); and (b) a 5.5% interest rate assumption and the applicable mortality table as defined in Section 1.2(c).

Notwithstanding the preceding, if the annuity starting date of the participant's benefit is on or after the first day of the first plan year beginning in 2004 and before December 31, 2004, the application of this Section 7.1(e)(2)(B)(ii) shall not cause the amount payable under the participant's form of benefit to be less than the benefit calculated under the plan, taking into account the limitations of this Section 7.1, except that the actuarially equivalent straight life annuity shall be equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the participant's form of benefit, computed using whichever of the following produces the greatest annual amount:

- a. the interest rate and the mortality table stated in Section 1.2(c);
- b. the applicable interest rate and the applicable mortality table as defined in Section 1.2(c); and
- c. the applicable interest rate defined in Section 1.2(c) (as in effect on the last day of the last plan year beginning before January 1, 2004) and the applicable mortality table defined in Section 1.2(c).

- (3) **Compensation** – A participant's earned income and any earnings reportable as W-2 wages for federal income tax withholding purposes that are paid by the employer. W-2 wages means wages as defined in IRC section 3401(a) but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed. Picked-up contributions under IRC section 414(h)(2) shall not be included in the participant's compensation.

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For limitation years beginning after December 31, 1991, for purposes of applying the limitations of this Section 7.1, compensation for a limitation year is the compensation actually paid or includable in gross income during such limitation year. Compensation for a limitation year shall include amounts earned but not paid during the limitation year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next limitation year, the amounts are included on a uniform and consistent basis with respect to all similarly situated employees, and no compensation is included in more than one limitation year.

In order to be taken into account for a limitation year, compensation must be paid or treated as paid prior to severance from employment with the employer. Back pay, within the meaning of Treasury Regulation section 1.415(c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition. Further, effective for limitation years beginning on or after January 1, 2008, compensation in excess of the limitations of Section 1.3(b) shall not be taken into account.

For limitation years beginning after December 31, 1997, compensation shall include elective contributions. Elective contributions are amounts excludable from the employee's gross income and contributed by the employer, at the employee's election to a cafeteria plan excludable under IRC section 125, a IRC section 401(k) arrangement (excludable under IRC section 402(e)(3)), a simplified employee pension (excludable under IRC section 402(h)), a tax sheltered annuity (excludable under IRC section 403(b)), a deferred compensation plan (excludable under IRC section 457(b)), a IRC section 501(c)(18) plan, or a IRC section 132(f)(4) qualified transportation fringe benefit plan.

Elective contribution amounts under a cafeteria plan excludable under IRC section 125 shall include any amounts not available to a participant in cash in lieu of group health coverage because the participant is unable to certify that he has other health coverage (deemed section 125 compensation). An amount will be treated as an amount under IRC section 125 only if the employer does not request or collect information regarding the participant's other health coverage as part of the enrollment process for the health plan.

- (4) **Projected Annual Benefit** – The annual benefit as defined in Section 7.1(e)(2), to which the participant would be entitled under the terms of the plan assuming:
- (A) the participant will continue employment until his normal retirement date under the plan (or current age, if later); and
 - (B) the participant's compensation for the current limitation year and all other relevant factors used to determine benefits under the plan will remain constant for all future limitation years.

Straight life annuity means an annuity payable in equal installments for the life of the participant that terminates upon the participant's death.

- (5) **Defined Benefit Dollar Limitation** – Effective for limitation years ending after December 31, 2001, the defined benefit dollar limitation is \$160,000, automatically adjusted under IRC section 415(d), effective January 1 of each year, in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. The new limitation shall apply to limitation years ending with or within the calendar year for which the adjustment applies, but a participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the defined benefit dollar limitation under IRC section 415(d) shall apply to participants who have had a separation from employment.
- (6) **Employer** – For purposes of this Section 7.1, employer shall mean the employer that adopts this plan and any entity required to be aggregated with the employer pursuant to regulations.
- (7) **Excess Annual Addition** – The excess of the participant's annual additions for the limitation year over the maximum permissible annual addition.
- (8) **Limitation Year** – The 12-consecutive-month period defined in Section 1.4(e).
- (9) **Maximum Permissible Annual Addition** – The maximum annual addition that may be contributed or allocated to a participant's account under a plan for any limitation year shall not exceed the lesser of:
- (A) the defined contribution dollar limitation, that is \$40,000, as adjusted under IRC section 415(d) for limitation years beginning after December 31, 2002; or

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(B) 100% of the participant's compensation for the limitation year.

If a short limitation year is created because of an amendment changing the limitation year to a different 12-consecutive-month period, the maximum permissible annual addition will not exceed the defined contribution dollar limitation multiplied by the following fraction:

$$\frac{\text{Number of months in the short limitation year}}{12}$$

(10) **Maximum Permissible Benefit** – The maximum permissible benefit is the defined benefit dollar limitation.

(A) **Adjustment for Less Than 10 Years of Participation or Service** – If the participant has less than 10 years of participation in the plan, the defined benefit dollar limitation shall be multiplied by a fraction: (i) the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the plan, and (ii) the denominator of which is 10.

This Section 7.1(e)(10)(A) shall not apply to disability benefit paid in accordance with Section 3.6 or to benefits payable under Article IV.

(B) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or After Age 65** – Effective for benefits commencing in limitation years ending after December 31, 2001, the defined benefit dollar limitation shall be adjusted if the annuity starting date of the participant's benefit is before age 62 and the participant has not completed 15 years of service or if the annuity starting date is after age 65. If the annuity starting date is before age 62, the defined benefit dollar limitation shall be adjusted under Section 7.1(e)(10)(B)(i), as modified by Section 7.1(e)(10)(B)(iii). If the annuity starting date is after age 65, the defined benefit dollar limitation shall be adjusted under Section 7.1(e)(10)(B)(ii), as modified by Section 7.1(e)(10)(B)(iii).

(i) **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62**

a. **Limitation years beginning before July 1, 2007** – If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning before July 1, 2007 and the participant has not completed 15 years of service, the defined benefit dollar limitation for the participant's annuity starting date is an annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or the tabular factor) specified in Section 1.2 for an early retirement benefit; or (2) a 5% interest rate assumption and the applicable mortality table as defined in Section 1.2(c).

b. **Limitation years beginning on or after July 1, 2007**

1. **Plan does not have immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement** – If the annuity starting date for the participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, the participant has not completed 15 years of service, and the plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for the annuity starting date as defined in Section 1.2(c) (and expressing the participant's age based on completed calendar months as of the annuity starting date).
2. **Plan has immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement** – If the annuity starting date for the

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participant's benefit is prior to age 62 and occurs in a limitation year beginning on or after July 1, 2007, the participant has not completed 15 years of service, and the plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the defined benefit dollar limitation for the participant's annuity starting date is the lesser of the limitation determined under Section 7.1(e)(10)(B)(i)b.1. and the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the plan at age 62, both determined without applying the limitations of this Section 7.1.

- c. This Section 7.1(e)(10)(B)(i) shall not apply to disability benefit paid in accordance with Section 3.6 or to benefits payable under Article IV.

(ii) Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65

- a. **Limitation years beginning before July 1, 2007** – If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning before July 1, 2007, the defined benefit dollar limitation for the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate and the mortality table (or other tabular factor) specified in Section 1.2(b) for a late retirement benefit; or (2) a 5% interest rate assumption and the applicable mortality table as defined in Section 1.2(c).
- b. **Limitation years after July 1, 2007**
 - 1. **Plan does not have immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement** – If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required), with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for that annuity starting date as defined in Section 1.2(c) (and expressing the participant's age based on completed calendar months as of the annuity starting date).
 - 2. **Plan has immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement** – If the annuity starting date for the participant's benefit is after age 65 and occurs in a limitation year beginning on or after July 1, 2007, and the plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the defined benefit dollar limitation at the participant's annuity starting date is the lesser of the limitation determined under Section 7.1(e)(10)(B)(ii)b.1. and the defined benefit dollar limitation (adjusted under Section 7.1(e)(10)(A) for years of participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the plan at age 65, both determined without applying the limitations of this Section 7.1. For this purpose, the adjusted immediately commencing straight life annuity under the plan at the participant's annuity starting date is the annual amount of such annuity payable to the participant, computed disregarding the participant's accruals after age 65 but including actuarial adjustments even if those actuarial

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adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the plan at age 65 is the annual amount of such annuity that would be payable under the plan to a hypothetical participant who is age 65 and has the same accrued benefit as the participant.

- (iii) Notwithstanding the other requirements of this Section 7.1(e)(10)(B), no adjustment shall be made to the defined benefit dollar limitation to reflect the probability of a participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the participant prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon a participant's death if the plan does not charge participants for providing a qualified preretirement survivor annuity upon the participant's death.
- (C) **Minimum Benefit Permitted** – Notwithstanding anything else in this Section to the contrary, the benefit otherwise accrued or payable to a participant under this plan shall be deemed not to exceed the maximum permissible benefit if:
 - (i) The retirement benefits payable for a plan year under the actuarially equivalent straight life annuity with respect to such participant under this plan and under all other defined benefit plans (regardless of whether terminated) ever maintained by the employer does not exceed \$10,000 multiplied by a fraction: (1) the numerator of which is the participant's number of years (or parts thereof, but not less than one year) of benefit service (not to exceed 10) with the employer; and (2) the denominator of which is 10; and
 - (ii) The employer (or a predecessor employer) has not at any time maintained a defined contribution plan in which the participant participated. For this purpose, mandatory employee contributions shall not be considered a separate defined contribution plan maintained by the employer. Similarly, individual medical accounts under IRC section 401(h) and accounts for postretirement medical benefits established under IRC section 419A(d)(1) shall not be considered a separate defined contribution plan.
- (11) **Year of Participation** – For the purpose of this Section 7.1, a participant shall be credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the participant is credited with at least the period of service for benefit accrual purposes, required under the terms of the plan in order to accrue a benefit for the accrual computation period, and (2) the participant is included as a participant under the eligibility provisions of the plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a year of participation credited to the participant shall equal the amount of benefit accrual service credited to the participant for such accrual computation period. A participant who is permanently and totally disabled within the meaning of IRC section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for a participant to receive a year of participation (or part thereof) for an accrual computation period, the plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12-month period.
- (12) **Annuity Starting Date** – The first day of the first period for which an amount is paid as an annuity or in any other form.

Section 7.2 – Distribution Requirements

The requirements of this Section 7.2 shall apply to any distribution of a participant's interest. With respect to distributions under the plan made on or after January 1, 2005 for calendar years beginning on or after January 1, 2005, the plan will apply the minimum distribution requirements of IRC section 401(a)(9) as set forth in this Section 7.2. Distributions made prior to January 1, 2005 are subject to the provisions of the plan as in effect before this amendment and restatement of the plan.

(a) Time and Manner of Distribution

- (1) **Required Beginning Date** – The entire interest of a participant must be distributed or begin to be distributed no later than the participant's required beginning date.

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- (2) **Limits on Distribution Periods** – As of the first distribution calendar year, distributions to a participant, if not made in a single-sum, may only be made over one of the following periods (or a combination thereof):

- (A) the life of the participant,
- (B) the joint lives of the participant and a designated beneficiary,
- (C) a period certain not extending beyond the life expectancy of the participant, or
- (D) a period certain not extending beyond the joint life and last survivor expectancy of the participant and a designated beneficiary.

- (3) **Death of Participant Before Distributions Begin** – If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

- (A) If the participant's surviving spouse is the participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age 70½, if later.
- (B) If the participant's surviving spouse is not the participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died.
- (C) If there is no designated beneficiary as of September 30 of the year following the year of the participant's death or if a lump sum death benefit is otherwise payable, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death.
- (D) If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this Section 7.2(a)(3), other than Section 7.2(a)(3)(A), will apply as if the surviving spouse were the participant if this plan otherwise provides for the payment of a death benefit.

For purposes of this Section 7.2(a)(3) and Section 7.2(d), distributions are considered to begin on the participant's required beginning date (or, if Section 7.2(a)(3)(D) applies, the date distributions are required to begin to the surviving spouse under Section 7.2(a)(3)(A)). If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 7.2(a)(3)(A)), the date distributions are considered to begin is the date distributions actually commence.

- (4) **Forms of Distribution** – Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Section 7.2(b), (c), and (d). If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of IRC section 401(a)(9) and Regulation section 1.401(a)(9)-6.

(b) **Determination of Amount to Be Distributed Each Year**

- (1) **General Annuity Requirements** – If the participant's interest is to be paid in the form of annuity distributions under the plan, payments under the annuity shall satisfy the following requirements:

- (A) The annuity distribution must be paid in periodic payments made at intervals not longer than one year;
- (B) The distribution period must be over a life (or lives) or over a period certain not longer than the period described in Section 7.2(c) or (d).
- (C) Once payments have begun over a period certain, the period certain may only be changed as permitted under Regulation section 1.401(a)(9)-6, A-13;
- (D) Payments must either be nonincreasing or increase only as follows:

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- (i) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;
 - (ii) to provide cash refunds of employee contributions upon the participant's death;
 - (iii) to pay increased benefits that result from a plan amendment; or
 - (iv) to the extent increases are permitted in accordance with Regulation section 1.401(a)(9)-6, A-14(c) or (d).
- (2) **Amount Required to be Distributed by Required Beginning Date** – The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under Section 7.2(a)(1) or (3)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date.

In the case of a lump sum distribution of the participant's accrued benefit on or before the participant's required beginning date, the minimum required distribution shall be determined by expressing the participant's benefit as a pension payable in the normal form of payment with an annuity starting date as of the first day of the distribution calendar year and multiplying the monthly benefit by 12. If the distribution is being made before the April 1 required beginning date but in such year, both the first and second years required minimum distribution shall be determined and shall not be eligible for rollover.
- (3) **Additional Accruals After First Distribution Calendar Year** – Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.
- (c) **Requirements For Annuity Distributions That Commence During Participant's Lifetime** – The participant's interest cannot be distributed in the form of a joint and survivor annuity under the terms of this plan. Further, no death benefit can be paid in the form of a period certain annuity.
- (d) **Requirements For Minimum Distributions Where Participant Dies Before Date Distributions Begin**
 - (1) **Participant Survived by Designated Beneficiary** – If the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in Section 7.2(a)(3)(A) or (B), over the life of the designated beneficiary or over a period certain not exceeding:
 - (A) unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or
 - (B) if the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.
 - (2) **No Designated Beneficiary** – If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death.
 - (3) **Death of Surviving Spouse Before Distributions to Surviving Spouse Begin** – If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Section 7.3(d) will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to Section 7.3(a)(3)(A).

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(e) Definitions (IRC Section 401(a)(9) Requirements)

- (1) **Designated Beneficiary** – The individual who is designated as the beneficiary under the plan and is the designated beneficiary under IRC section 401(a)(9) and Regulation section 1.401(a)(9)-4.
- (2) **Distribution Calendar Year** – A calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year that contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 7.2(a)(3).
- (3) **Life Expectancy** – Life expectancy as computed by use of the Single Life Table in Regulation section 1.401(a)(9)-9.
- (4) **Required Beginning Date** – The required beginning date of a participant is the later of: (i) the first day of April of the calendar year following the calendar year in which the participant attains age 70½ and (ii) the first day of April of the calendar year following the calendar year in which the participant retires.

ARTICLE VIII – ADMINISTRATION OF THE PLAN

Section 8.1 – Fiduciary Responsibility

- (a) **Management and Control of Plan Assets** – The governing body of the employer shall designate the persons responsible for the management and control of plan assets. Such persons shall discharge their duties with respect to the plan in accordance with the documents and instruments governing the plan insofar as such documents and instruments are consistent with the applicable provisions of the Internal Revenue Code.
- (b) A fiduciary of this plan is required to exercise the judgment and care under the circumstances then prevailing that men of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.
- (c) **Allocation of Responsibility**
 - (1) When the plan administrator is required to follow the directions of the trustee or the trustee is required to follow the directions of the plan administrator, they shall not be deemed to share such responsibility. Instead, the responsibility of the person giving the directions shall be deemed to be his sole responsibility and the responsibility of the person receiving directions shall be to follow those directions insofar as such instructions on their face are proper under applicable law.
 - (2) The plan administrator or trustee under this plan may employ one or more persons, including independent accountants, attorneys, and actuaries to render advice with regard to any responsibility such person has under the plan.
- (d) **Liability and Indemnification** – Subject to Act 205, no past, present, or future officer of the employer nor of any participating employer shall be personally liable to any participant, beneficiary, or other person under any provision of the plan or trust or any insurance policy or contract issue pursuant thereto. No individual fiduciary shall be liable for any act or omission of any other fiduciary. Unless resulting from the gross negligence, willful misconduct or lack of good faith on the part of the fiduciary, the employer shall indemnify and save harmless such fiduciary from, against, for and in respect of any and all damages, losses, obligations, liabilities, liens, deficiencies, costs, and expenses, including without limitation, reasonable attorney's fees and other costs and expenses incident to any suit, action, investigation, claim or proceedings suffered in connection with his acting as a fiduciary under the plan.

Section 8.2 – Chief Administrative Officer

(a) Appointment of Chief Administrative Officer

The governing body of the employer shall be responsible for the administration of the plan. It shall appoint the chief administrative officer. The employer shall review at regular intervals the performance of the person appointed to be the chief administrative officer and shall re-evaluate the appointment of such chief administrative officer.

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(b) Duties and Powers of Chief Administrative Officer

The chief administrative officer shall be the plan administrator and as such shall have the following duties and discretionary powers and such other duties and discretionary powers as relate to the administration of the plan:

- (1) To determine in a non-discriminatory manner all questions relating to the eligibility of employees to become participants.
- (2) To determine in a non-discriminatory manner eligibility for benefits and to determine and certify the amount and kind of benefits payable to participants.
- (3) To authorize all disbursements from the fund.
- (4) To appoint or employ, upon approval of the employer, any independent person to perform necessary plan functions and to assist in the fulfillment of administrative responsibilities as he deems advisable, including the retention of a third party administrator, custodian, auditor, accountant, actuary, or attorney.
- (5) When appropriate, to select an insurance company and annuity contracts that, in his opinion, will best carry out the purposes of the plan.
- (6) To construe and interpret any ambiguities in the plan and to make, publish, interpret, alter, amend or revoke rules for the regulation of the plan that are consistent with the terms of the plan and with the applicable provisions of the Internal Revenue Code.
- (7) To prepare and distribute, in such manner as determined to be appropriate, information explaining the plan.

(c) Miscellaneous Provisions

- (1) **Expenses** – The chief administrative officer shall serve without compensation for service as such. All reasonable expenses of the chief administrative officer shall be paid by the plan.
- (2) **Examination of Records** – The chief administrative officer shall make available to any participant for examination during business hours such of the plan records as pertain only to the participant involved.
- (3) **Information to the Chief Administrative Officer** – To enable the chief administrative officer to perform the administrative functions, the employer shall supply full and timely information to the chief administrative officer on all participants as the chief administrative officer may require.

Section 8.3 – Claims Procedure

- (a) **Notification of Claim Determination** – The chief administrative officer shall notify each participant in writing of his determination of benefits. If the chief administrative officer denies any benefit, such written denial shall include:

- The specific reasons for denial;
- Reference to provisions on which the denial is based;
- A description of and reason for any additional information needed to process the claim; and
- An explanation of the claims procedure.

- (b) **Appeal** – The participant or his duly authorized representative may:

- Request a review of the participant's case in writing to the employer;
- Review pertinent documents;
- Submit issues and comments in writing.

The written request for review must be submitted no later than 60 days after receiving written notification of denial of benefits.

- (c) **Review** – The employer must render a decision no later than 60 days after receiving the written request for review, unless circumstances make it impossible to do so; but in no event shall the decision be rendered later than 120 days after the request for review is received.

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- (d) **Limitation on Time Period for Litigation of a Benefit Claim** – Following receipt of the written rendering of the employer's decision under Section 8.3(c), the participant shall have 365 days in which to file suit in the appropriate court. Thereafter, the right to contest the decision shall be waived.

Section 8.4 – Trust Fund

- (a) **Creation and Maintenance of the Fund** – The trust fund shall be created and maintained in the following manner:

- (1) All funds on deposit and held for pension or retirement benefits of the participants shall continue to be part of the trust fund created and maintained hereby subject to any liabilities that may exist against such fund.
- (2) The employer shall allocate to the fund the payments made by the Treasurer of the Commonwealth of Pennsylvania from monies received from taxes paid upon premiums by foreign casualty insurance companies and foreign fire insurance companies pursuant to the General Municipal Pension System State Aid Program.
- (3) The employer shall also allocate to the fund any mandatory employee contributions received in accordance with the plan.
- (4) The fund shall accept and maintain any payments made by other gifts, grants, devises, or bequests to the fund.
- (5) The employer shall contribute to the fund such other payments as may, from time to time, be authorized to be made from the general revenue of the employer.

All such payments received shall be part of the trust fund and shall not be applied to any other account or disbursed in any manner except as provided by this plan. Payments required under the plan shall be a charge only upon the trust fund and not upon other monies or funds of the employer.

- (b) **Appointment of Trustee**

The employer, or its delegee, shall appoint a trustee for the proper care and custody of all funds, securities and other properties in the trust, and for investment of plan assets (or for execution of such orders as it receives from an investment manager appointed for investment of plan assets). The duties and powers of the trustee shall be set forth in a trust agreement executed by the employer, that is incorporated herein by reference. The employer shall review at regular intervals the performance of the trustee and shall re-evaluate the appointment of such trustee. After the employer has appointed the trustee and has received a written notice of acceptance of its responsibility, the responsibility with respect to the proper care and custody of plan assets shall be considered as the responsibility of the trustee. Unless otherwise allocated to an investment manager, the responsibility with respect to investment of plan assets shall likewise be considered as the responsibility of the trustee.

- (c) **Appointment of Corporate Custodian**

The employer, or its delegee, may appoint a corporate custodian to hold and invest the fund. The corporate custodian shall carry out its responsibilities in accordance with the terms of the custodial agreement and the investment policy and guidance as the employer shall, from time to time, provide. The employer shall review at regular intervals no less frequently than annually, the performance of such corporate custodian and shall re-evaluate the appointment of such corporate custodian.

- (d) **Appointment of Investment Manager**

The employer, or its delegee, may appoint an investment manager who is other than the trustee, which investment manager may be a bank or an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Such investment manager, if appointed, shall have sole discretion in the investment of plan assets, subject to the funding policy. The employer shall review at regular intervals no less frequently than annually, the performance of such investment manager and shall re-evaluate the appointment of such investment manager. After the employer has appointed an investment manager and has received a written notice of acceptance of his responsibility, the responsibility with respect to investment of plan assets shall be considered as the responsibility of the investment manager.

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(e) Funding Policy

The employer, or its delegate, shall determine and communicate in writing to the person responsible for investment of plan assets the funding policy for the plan. The funding policy shall set forth the plan's short-range and long-range financial needs, so that said person may coordinate the investment of plan assets with the plan's financial needs.

(f) Valuation of the Fund

The fund shall be valued by the trustee as of the last day of each plan year and as of any interim accounting date determined by the plan administrator. The valuation shall be made on the basis of the current fair market value of all property in the fund.

Section 8.5 – Actuarial Valuation and Funding

- (a) **Actuarial Valuation** – In compliance with Act 205, the actuarial valuation report shall be prepared and filed under the supervision of the chief administrative officer of the municipality or of the association of municipalities cooperating pursuant to the Intergovernmental Cooperation Act and named as the sponsoring employer of this plan. The actuary shall perform an actuarial valuation at least biennially. Each biennial actuarial valuation report shall be made as of the beginning of such plan year and shall be prepared and certified by an approved actuary. An approved actuary means a person who has at least five years of actuarial experience with public pension plans and who is either enrolled as a member of the American Academy of Actuaries or enrolled as an actuary pursuant to ERISA.

If the employer is applying or has applied for Supplemental State Assistance pursuant to Section 603 of the Act, the actuarial valuation report shall be made annually.

- (b) **Allowable Administrative Expenses** – The expenses attributable to the preparation of any actuarial valuation report or investigation required by Act 205 or any other expense that is permissible under the terms of Act 205 and that are directly associated with administering the plan shall be an allowable administrative expense payable from the assets of the trust.
- (c) **Benefit Modifications** – Prior to the adoption of any benefit plan modification by the employer, the chief administrative officer shall provide to the employer a cost estimate of the proposed benefit plan modification prepared by an approved actuary. Such estimate shall disclose to the employer the impact of the proposed benefit plan modification on the future financial requirements of the plan and the future minimum obligation of the employer with respect to the plan.

ARTICLE IX – AMENDMENT AND TERMINATION OF PLAN

Section 9.1 – Right to Discontinue and Amend

It is the expectation of the employer that it will continue this plan indefinitely and make the payments of its contributions hereunder, unless permitted to terminate under the provisions of Act 600.

Section 9.2 – Amendments

Except as herein limited, the employer shall have the right to amend this plan at any time to any extent that it may deem advisable. Such amendment shall be stated in writing and shall be by ordinance or resolution of the governing body of the employer. The employer's right to amend the plan shall be limited as follows:

- (a) No amendment shall be adopted in violation of Act 600, nor any other law of the Commonwealth of Pennsylvania.
- (b) No amendments shall have the effect of vesting in the employer any interest in or control over any contracts issued pursuant hereto or any other property in the fund.
- (c) No amendment to the vesting schedule adopted by the employer hereunder shall deprive a participant of his vested portion of his employer-derived accrued benefit to the date of such amendment.

Section 9.3 – Protection of Benefits in Case of Plan Merger

In the event of a merger or consolidation with, or transfer of assets or liabilities to any other plan, each participant will receive a benefit immediately after such merger, consolidation or transfer (if the plan then

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terminated) that is at least equal to the benefit the participant was entitled to immediately before such merger, consolidation or transfer (if the plan had terminated).

Section 9.4 – Termination of Plan

- (a) **When Plan Terminates** – This plan shall terminate upon the legal dissolution of the employer or the termination of the plan by the amendment action of the employer. Subject to the provisions of the Municipal Pension Plan Funding Standard and Recovery Act (P.L. 1005, Act 205 of 1984) governing financially distressed municipalities, the liability of the employer to make contributions to the plan shall automatically terminate upon liquidation or dissolution of the employer, upon its adjudication as a bankrupt, or upon the making of a general assignment for the benefit of its creditors.
- (b) **Allocation of Assets** – Upon termination or partial termination, the accrued benefit of each affected participant who is an active participant or who is not an active participant but has not incurred a one-year break in service shall be 100% vested and nonforfeitable; however, no participant or other individual shall have recourse towards the satisfaction of any benefit accrued under the plan other than from the fund. The amount of the fund assets shall be allocated to participants and beneficiaries subject to provisions for expenses of administration of liquidation. The allocation of assets shall be in accordance with the following (to the extent assets are sufficient).
- (1) There shall be allocated an amount equal to that portion of each individual's accrued benefit that is derived from the participant's voluntary contributions.
 - (2) There shall be allocated an amount equal to that portion of each individual's accrued benefit that is derived from the participant's mandatory contributions.
 - (3) (A) There shall be allocated amounts sufficient to provide the pension of each participant or beneficiary who was receiving such a benefit three years before the date of termination.
(B) There shall likewise be allocated amounts sufficient to provide the normal form of pension for each participant who was eligible to retire three years before the date of termination but had not done so.

In both cases, the benefits shall be based upon the plan provisions in effect during the five years before the date of termination under which such benefits would be the least.

- (4) There shall be allocated amounts sufficient to provide all vested benefits due participants.
- (5) There shall be allocated amounts sufficient to provide all other benefits of the plan.

If assets are insufficient to provide all benefits within any one of the above paragraphs (1) through (5), they shall be allocated pro rata among the participants or beneficiaries within that paragraph on the basis of the present value of such benefits.

The allocation of assets, when determined by the actuary, may be implemented through the continuation of the existing fund or through the purchase of insurance company annuity contracts, or by a combination of these media.

- (c) **Remaining Fund Balance** – Notwithstanding any provision in this plan to the contrary, upon the termination of the plan, but only after all liabilities to the participants and their respective beneficiaries have been satisfied, the employer shall be entitled to any balance of the net assets of the fund that shall remain by reason of erroneous actuarial computations or overpayments during the life of the plan.

ARTICLE X – MISCELLANEOUS PROVISIONS

Section 10.1 – Exclusive Benefit – Non-Reversion

The plan is created for the exclusive benefit of the employees of the employer and shall be interpreted in a manner consistent with its being a qualified plan as defined in IRC section 401(a). The corpus or income of the trust may not be diverted to or used for other than the exclusive benefit of the participants or their beneficiaries.

Notwithstanding the above, any contribution made by the employer because of a mistake of fact must be returned to the employer within one year of the contribution. Further, a reversion to the employer is permissible upon plan termination in accordance with Section 9.4(c).

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Section 10.2 – Inalienability of Benefits

No benefit or interest available hereunder including any annuity contract distributed herefrom shall be subject to assignment or alienation, either voluntarily or involuntarily. The preceding sentence shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a participant pursuant to a domestic relations order, unless such order is determined to be an acceptable domestic relations order as defined in IRC section 414(p), or any domestic relations order entered before January 1, 1985.

Section 10.3 – Employer-Employee Relationship

This plan is not to be construed as creating or changing any contract of employment between the employer and its employees, and the employer retains the right to deal with its employees in the same manner as though this plan had not been created.

Section 10.4 – Binding Agreement

This plan shall be binding on the heirs, executors, administrators, successors and assigns as such terms may be applicable to any or all parties hereto, and on any participants, present or future.

Section 10.5 – Inconsistency or Conflict of Prior Ordinances or Resolutions

Any ordinance or resolution with an effective date prior to the adoption date of this amendment and restatement of the plan shall be of no effect.

Section 10.6 – Separability

If any provision of this plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and this plan shall be construed and enforced as if such provision had not been included.

Section 10.7 – Construction

The plan shall be construed in accordance with the laws of the Commonwealth of Pennsylvania and with the applicable portions of the Internal Revenue Code. It is intended that the plan comply with the interpretations of P.L. 1804, as amended (53 P.S. 767) (Act 600), issued by the judicial and regulatory bodies of the Commonwealth of Pennsylvania.

Section 10.8 – Copies of Plan

This plan may be executed in any number of counterparts, each of which shall be deemed as an original, and said counterparts shall constitute but one and the same instrument that may be sufficiently evidenced by any one counterpart.

Section 10.9 – Interpretation

Wherever appropriate, words used in this plan in the singular may include the plural or the plural may be read as singular, and the masculine may include the feminine.

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IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this 11th day of
February, 2009.

Borough of Hanover

By: Brian Letat

Title: Manager